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ORIGINAL

29TH QUARTERLY REPORT TO THE CONGRESS AND THE TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING 1981

82-10

238

USITC PUBLICATION 1236

MARCH 1982

United States International Trade Commission / Washington, D.C. 20436

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Report principally prepared by:

Office of Economics

Janet Whisler
Magdolna B. Kornis
Kim A. Skidmore
Thomas F. Jennings
James T. H. Tsao
Henry McFarland

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) [1] and others not listed in the headnote, [2] viz., Hungary, the People's Republic of China (China), Poland, and Romania. [3] These are countries whose exports can be investigated by the Commission under section 406 of title IV of the Trade Act of 1974. Through control of the level of production, distribution process, and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. Under the statute, the Commission publishes a summary of trade data not less frequently than once each calendar quarter for Congress and, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As specified by the statute, one objective of the reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that could present problems for domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic (East Germany), Estonia, those parts of Indochina under Communist control or domination, North Korea, the Kurile Islands, Latvia, Lithuania, Mongolia, Southern Sakhalin, Tanna Tuva, and the U.S.S.R.

2/ When most-favored-nation tariff treatment is accorded a Communist country, that country is no longer included in headnote 3(f).

3/ Earlier reports in this series included Yugoslavia among the NME's whose trade with the United States is monitored. At the suggestion of the United States Trade Representative and after consultation with the appropriate congressional committees, the Commission decided that Yugoslavia would no longer be included in the countries covered by this report. This decision was effective with the 27th report. (27th Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During April-June 1981, USITC Publication 1188, September 1981, hereafter 27th Quarterly Report . . ., p. 1.) In the opinion of many analysts, Yugoslavia is not appropriately classified as an NME. Also, it is not a member of the Warsaw Pact or the Council for Mutual Economic Assistance. It is a contracting party to the General Agreement on Tariffs and Trade (GATT) and a member of the International Monetary Fund and the World Bank. Yugoslavia has special status with the Organization for Economic Cooperation and Development and is a leader in the movement of nonaligned countries.

At the present time, Poland, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e., that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations [1] are set forth in column 2; for the most part, these are the higher rates that were established in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products that historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

This particular report contains a summary of U.S. trade with the NME's during 1981 and examines U.S. exports, imports, and the balance of trade with each country, as well as the commodity composition of such trade. Important issues in U.S. commercial relations with the NME's and pertinent economic and trade developments are discussed.

1/ Those nations referred to in headnote 3(f) of the TSUS.

SUMMARY OF DEVELOPMENTS IN 1981

U.S. trade with the NME's rose to $11.2 billion in 1981, representing a 12-percent increase over 1980 level. Exports and imports both registered their highest levels ever. The positive balance of trade that the United States traditionally enjoys with the NME's decreased to its lowest level in 3 years. However, U.S. sales to this group of countries still outweighed U.S. purchases from them by nearly $4.5 billion. For every $1 in imports from the NME's, the United States made $2.32 in exports to them.

The increase in overall U.S.-NME trade was fueled primarily by a 39-percent increase in U.S. imports during the year. Imports from all major NME's except Poland and the U.S.S.R. increased in 1981; particularly notable were the increases in the value of products bought from China and Romania. U.S. exports to the NME's as a group were up a modest 3 percent in 1981. Shipments to every major NME except the U.S.S.R. and Bulgaria declined during the year.

Several notable developments in East-West commercial relations occurred in 1981. The partial embargo on U.S. grain shipments to the Soviet Union that was in effect at the beginning of the year was relaxed by President Reagan in April. The embargo had restricted sales of grains to the quantity that had been firmly committed to the Soviet Union in the 5-year U.S.-U.S.S.R. grain supply agreement. Additional shipments of grain under the agreement were resumed during the summer under an increased allocation. Although agreement on a new grain supply accord was not reached, a 1-year extension of the existing pact was negotiated. Shipments of U.S. grain to the Soviet Union under this extension were authorized after October 1 and accounted for over one-fourth of total U.S. exports to the Soviet Union during the year. Negotiations toward a new long-term grain agreement were, however, suspended on December 29. On that date, the President announced several new economic sanctions against the U.S.S.R. in response to the Soviet role in the imposition of martial law in Poland.

China remained the principal NME trading partner of the United States in 1981, both as a supplier of products to this country and as a market for U.S. goods. U.S.-Chinese trade turnover doubled in 1979 and again in 1980, so that some lessening of the rate of growth of bilateral trade in 1981 was to be expected. This occurred on the export side, as U.S. sales to China declined by 4 percent. However, U.S. purchases from China rose by 76 percent, raising imports to one-third the trade turnover. China accounted for more than half of all imports from the NME's in 1981.

Following an extensive review of controls on exports to China, the administration significantly eased the restrictions that had precluded the export of most advanced technology and equipment to China. It also amended regulations to permit commercial arms sales to China.

Other 1981 developments affecting U.S. commercial relations with the NME's included the rescheduling of part of Poland's large foreign debt and continuing negotiations with its public and private creditors as well as the settlement of U.S. financial claims against Czechoslovakia. The latter issue had been pending for more than 30 years.

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OVERVIEW OF U.S. TRADE WITH THE NONMARKET ECONOMY COUNTRIES IN 1981

In 1981 the trade turnover (exports plus imports) between the United States and NME's increased by nearly 12 percent over that in the previous year. Led by a dramatic leap in U.S. imports from these countries, overall trade was valued at $11.2 billion (table 1). The increase in imports from NME's was 38.6 percent, compared with a 7.9-percent increase in total U.S. imports from all countries. U.S. exports to the NME's increased very slightly, by 3.3 percent, while total U.S. exports to all countries were up by 5.7 percent. The rise in the value of the U.S. dollar in 1981, making imports more attractive to U.S. consumers and exports more difficult to sell overseas, contributed to an increase of nearly 30 percent in the worldwide U.S. merchandise trade deficit for the year. The positive trade balance with NME's declined, although less significantly, to $4.5 billion. This was a 15.4-percent drop from the 1980 trade balance and was the lowest positive trade balance with this group of countries in 3 years. Whereas the balance of trade with the nonmarket economies has traditionally been positive, the last time the United States had a positive merchandise trade balance with the world was in 1975. The positive balance with the NME's reflects the dependence of a number of these countries on U.S. exports of agricultural products and to a lesser extent on certain technologically sophisticated items not easily available from other sources. Also, the NME's have generally not been successful in competing for sales of manufactured goods in the United States and other Western markets. This tends to limit their exports to raw materials, individual commodities, and a few specialty goods.

Trade with the nonmarket economies represents but a small share of overall U.S. foreign commerce. Exports to these countries accounted for only 3.4 percent of overall shipments of U.S. goods abroad in 1981, and imports from the NME's represented only 1.3 percent of all merchandise brought into the country.

U.S. Exports to the NME's

The composition of U.S. exports both to the world and to the nonmarket economy countries as a group is shown in table 2. The overwhelming importance of U.S. exports of food to the NME's is illustrated by the fact that such shipments typically account for more than half of all U.S. exports to these countries. In 1981 the increase in the value of U.S. exports of food and live animals--SITC Section 0--was more than twice that of all U.S. shipments to NME's.

Exports of crude material--SITC Section 2--remained the second most important category of U.S. goods destined for NME's in 1981. Total U.S. shipments of machinery and transport equipment, the leading export category overall, increased 13 percent in 1981; exports of such products to the NME's fell 23 percent. Exports of chemical products assumed a greater role in the array of U.S. goods shipped to the NME's during the year.

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), 1979-81, October-December 1980, and October-December 1981

Item	1979	1980	1981	October-December--	
				1980	1981
Total U.S. trade:					
Exports--------------million dollars--	178,578	216,592	228,870	56,985	56,743
Imports-------------------------do----	205,923	239,994	259,012	60,877	65,202
Balance-----------------------do----	-27,345	-23,402	-30,142	-3,892	-8,459
Trade turnover (exports plus imports) million dollars--	384,501	456,586	487,882	117,862	121,945
U.S. trade with NME's:					
Exports--------------million dollars--	7,387	7,600	7,852	2,464	2,101
Imports-------------------------do----	2,418	2,439	3,380	647	799
Balance-----------------------do----	4,969	5,161	4,472	1,817	1,302
Trade turnover (exports plus imports) million dollars--	9,805	10,039	11,232	3,111	2,900
Share of total U.S. trade accounted for by trade with NME's:					
Exports----------------------percent--	4.14	3.51	3.43	4.32	3.70
Imports-------------------------do----	1.17	1.02	1.30	1.06	1.23
Trade turnover-------------------do----	2.55	2.19	2.30	2.63	2.37

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Import figures in this and all other tables in this report are imports for consumption on a customs-value basis. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

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Table 2.—U.S. exports to the world and to the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), 1980 and 1981

SITC Section No.	Description	Total exports 1980	Total exports 1981	Exports to the NME's 1980	Exports to the NME's 1981
		Value (million dollars)			
0	Food and live animals	27,744	30,291	3,754	4,307
1	Beverages and tobacco	2,663	2,915	26	28
2	Crude material--inedible, except fuel	23,791	20,993	1,575	1,339
3	Mineral fuels, lubricants, etc	7,982	10,279	116	113
4	Oils and fats--animal and vegetable	1,946	1,750	112	92
5	Chemicals	20,740	21,095	474	662
6	Manufactured goods classified by chief material	22,255	20,633	508	509
7	Machinery and transport equipment	84,628	95,736	824	635
8	Miscellaneous manufactured articles	16,347	16,748	201	146
9	Commodities and transactions not elsewhere classified	8,496	8,428	9	20
	Total	216,592	228,870	7,600	7,852
		Percent of total			
0	Food and live animals	12.8	13.2	49.4	54.9
1	Beverages and tobacco	1.2	1.3	.3	.4
2	Crude material--inedible, except fuel	11.0	9.2	20.7	17.1
3	Mineral fuels, lubricants, etc	3.7	4.5	1.5	1.4
4	Oils and fats--animal and vegetable	.9	.8	1.5	1.2
5	Chemicals	9.6	9.2	6.2	8.4
6	Manufactured goods classified by chief material	10.3	9.0	6.7	6.5
7	Machinery and transport equipment	39.1	41.9	10.8	8.1
8	Miscellaneous manufactured articles	7.5	7.3	2.6	1.9
9	Commodities and transactions not elsewhere classified	3.9	3.7	.1	.3
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

The data for fourth-quarter exports from the United States to the NME's (table 3) do not indicate any marked departures from the SITC composition of trade that prevailed in full-year exports to those countries (table 2). During October-December the share of U.S. exports accounted for by SITC Section 0 increased slightly as compared with the first three quarters of 1981. This was the direct result of the resumption of shipments of grain to the Soviet Union under the 1-year extension of the U.S.-U.S.S.R. grain supply agreement, which began on October 1. U.S. exports of food to the U.S.S.R. more than doubled between the third and fourth quarters of 1981, with shipments in SITC Section 0 accounting for 71 percent of fourth-quarter exports to that country. The Soviet Union typically accounts for a higher share of U.S. exports to the NME's during the fourth quarter of the calendar year than it does for the full year. In October-December 42 percent of all U.S. exports to the NME's went to the Soviet Union, and 44 percent went to China, our most important NME trading partner.

During 1981, U.S. exports to every major NME except the U.S.S.R. and Bulgaria fell from their 1980 levels (table 4). The increase in the exports to these two countries was sufficient to account for a slight (3.3 percent) increase in exports to the NME's as a group during the year.

China and the Soviet Union together accounted for 75 percent of U.S. exports to the NME's in 1981. The value of exports to China fell from $3.7 billion in 1980 to $3.6 billion in 1981, evidence of the economic adjustment program taking place in that country. However, the 1981 level of exports to China is still more than double that recorded in 1979.

After the April relaxation of the partial trade embargo, U.S. exports to the Soviet Union increased dramatically. Exports were up by 54.9 percent in 1981 from the 1980 total. Still, the preembargo record level of U.S. shipments reached in 1979 was not realized.

A decline in U.S. exports to several Eastern European NME's was particularly noticeable in the fourth quarter, when shipments to Romania fell by 74.7 percent from those in the corresponding period of 1980. Shipments to Poland fell by 58.9 percent; those to East Germany, by 51.1 percent; and those to Czechoslovakia, by 45.9 percent.

Figure 1 shows the relative export shares of the major NME's for the last 2 years.

The percentage of total exports to the NME's accounted for by agricultural items fell slightly during 1981 (table 5), but nonetheless amounted to nearly two-thirds. The relative importance of these items varied among countries, ranging from 17 percent for Hungary to 96 percent for East Germany. The other countries of Eastern Europe and the U.S.S.R. generally import a high proportion (averaging 75.7 percent) of agricultural products from the United States. By contrast, the share of agricultural products imported from the United States by China was 54.3 percent. Agricultural items accounted for less than one-fifth of U.S. exports to the world in 1981.

Table 3.—U.S. exports to the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), October-December 1981

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0	Food and live animals	-	40,519	347,106	-	13,007	56,393	958
1	Beverages and tobacco	-	2,350	10	-	2	-	-
2	Crude material--inedible, except fuel	229	564	280,532	-	3,062	389	5,201
3	Mineral fuels, lubricants, etc	4,633	-	2,687	-	1	-	-
4	Oils and fats--animal and vegetable	-	-	545	-	-	-	1
5	Chemicals	-	9,396	130,602	128	447	393	1,567
6	Manufactured goods classified by chief material	-	443	92,131	-	727	108	1,802
7	Machinery and transport equipment	34	2,946	53,886	1	3,810	1,191	9,091
8	Miscellaneous manufactured articles	-	1,250	13,833	-	2,129	545	904
9	Commodities and transactions not elsewhere classified	-	42	481	19	146	106	141
	Total	4,895	57,512	921,813	148	23,332	59,124	19,726

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Total
0	Food and live animals	-	-	70,056	16,197	624,806	-	1,169,042
1	Beverages and tobacco	-	-	1,770	-	68	-	4,200
2	Crude material--inedible, except fuel	-	-	3,614	7,524	29,180	7	330,301
3	Mineral fuels, lubricants, etc	-	-	12	5,403	20,437	-	33,174
4	Oils and fats--animal and vegetable	-	-	3,058	-	8,639	-	12,244
5	Chemicals	-	-	3,294	375	102,344	-	248,547
6	Manufactured goods classified by chief material	-	-	415	1,767	4,793	6	102,191
7	Machinery and transport equipment	1	-	4,361	4,349	74,577	-	154,247
8	Miscellaneous manufactured articles	10	-	2,565	1,386	13,528	46	36,267
9	Commodities and transactions not elsewhere classified	1	-	3,518	30	162	5,709	10,355
	Total	12	-	92,662	37,032	878,534	5,767	2,100,569

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Table 4.—U.S. exports to the individual nonmarket economy countries and to the world, 1979-81, October-December 1980, and October-December 1981

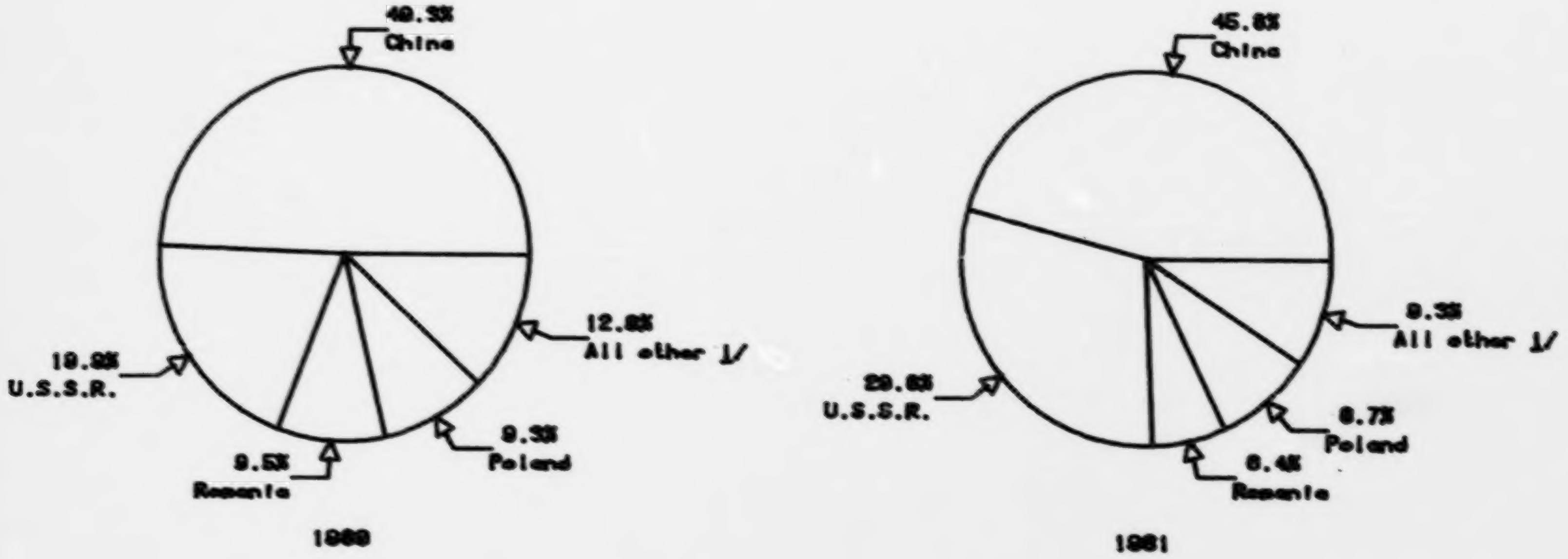
(In thousands of dollars)

Market	1979	1980	1981	October-December--	
				1980	1981
China	1,716,500	3,748,993	3,598,601	1,177,110	921,812
U.S.S.R	3,603,632	1,509,728	2,338,567	688,684	878,534
Romania	500,464	720,231	503,890	146,445	37,032
Poland	786,258	710,446	680,547	225,430	92,662
East Germany	354,522	477,389	295,557	120,915	59,124
Bulgaria	56,225	160,701	258,104	43,475	57,512
Hungary	77,588	79,020	77,511	18,657	19,726
Czechoslovakia	281,129	185,145	82,420	43,090	23,332
Vietnam	541	1,148	10,135	485	5,767
Albania	10,054	6,891	6,137	44	4,895
Mongolia	80	64	75	22	13
Cuba	299	119	558	56	148
North Korea	13	-	-	-	-
Total	7,387,305	7,599,876	7,852,101	2,464,413	2,100,557
Total, U.S. exports to the world	178,578,003	216,592,219	228,869,651	56,985,462	56,743,497

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Figure 1.--Relative shares of U.S. exports to the nonmarket economy countries, 1980 and 1981.



1/ East Germany, Bulgaria, Czechoslovakia, Hungary, Mongolia, Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 4.

Table 5.—Agricultural items: U.S. exports to the nonmarket economy countries and to the world, 1979-81, October-December 1980, and October-December 1981

Market	1979	1980	1981	October-December— 1980	October-December— 1981
	Value (1,000 dollars)				
China	990,159	2,209,524	1,956,287	662,742	501,377
U.S.S.R	2,854,896	1,047,118	1,664,986	550,295	642,014
Romania	336,515	462,595	368,391	82,751	16,218
Poland	651,371	571,461	592,874	183,366	76,521
East Germany	321,818	453,248	284,181	116,162	56,583
Bulgaria	41,019	127,339	197,270	32,051	42,870
Hungary	24,466	24,419	12,934	1,670	6,127
Czechoslovakia	247,999	154,574	58,240	36,506	15,892
Vietnam	-	-	153	-	-
Albania	151	224	-	-	-
Mongolia	-	-	-	-	-
Cuba	-	-	-	-	-
North Korea	-	-	-	-	-
Total	5,468,394	5,050,503	5,135,316	1,665,544	1,357,602
Total, agricultural exports to the world	34,745,385	41,255,934	43,338,212	11,748,701	11,297,486
	Percent of total exports to each country				
China	57.7	58.9	54.3	56.3	54.4
U.S.S.R	79.2	69.4	71.2	79.9	73.1
Romania	67.2	64.2	73.1	56.5	43.8
Poland	82.8	80.4	87.1	81.3	82.6
East Germany	90.8	94.9	96.2	96.1	95.7
Bulgaria	73.0	79.2	76.4	73.7	74.5
Hungary	31.5	30.9	16.7	9.0	31.1
Czechoslovakia	88.2	83.5	70.7	84.7	68.1
Vietnam	-	-	2.0	-	-
Albania	1.5	3.3	-	-	-
Mongolia	-	-	-	-	-
Cuba	-	-	-	-	-
North Korea	-	-	-	-	-
Total	74.0	66.5	65.4	67.6	64.6
Total, exports to the world	19.5	19.0	18.9	20.6	19.9

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

During the fourth quarter of 1981 the gap between the value of U.S. exports to our two most important NME trading partners narrowed (fig. 2) to $43 million. This was the smallest it has been at any time since China overtook the Soviet Union as the largest NME market for U.S. exports in the first quarter of 1980.

The dominance of U.S. exports to NME's by agricultural products is reemphasized by an examination of exports in major commodity groupings. Among the leading products sold to NME's, cereal grains is the most significant in terms of value. Included within this group are barley, corn, and wheat. Table 6 shows U.S. exports in certain of these groupings along with the share of such exports going to NME's and the major NME purchaser of such products. Although the value of U.S. exports of cereal grains to the NME's increased by nearly 15 percent from 1980 to 1981, their share of total U.S. exports did not change appreciably.

Export shares of fertilizers and manmade fibers exhibited notable changes. With the relaxation of the partial trade embargo in 1981, sales of U.S. fertilizers to the Soviet Union were resumed after having been banned for virtually all of 1980. Although sales of fertilizers to other NME's were never impeded, the increased sales to the U.S.S.R. nearly doubled the share of fertilizer exports to all NME's.

Reflecting the continued expansion of the textile industry in China, the share of manmade-fiber exports to the NME's increased by over 10 percentage points in 1981. 1/ The decrease in the share of U.S. cotton shipped to NME's is largely the result of record cotton harvests in China, the major NME purchaser of U.S. cotton.

Detailed information on specific items in U.S. trade with the NME's, including those export and import items for which the NME's collectively account for the largest U.S. trade share and those that increased or decreased substantially during 1981, is contained in appendix A.

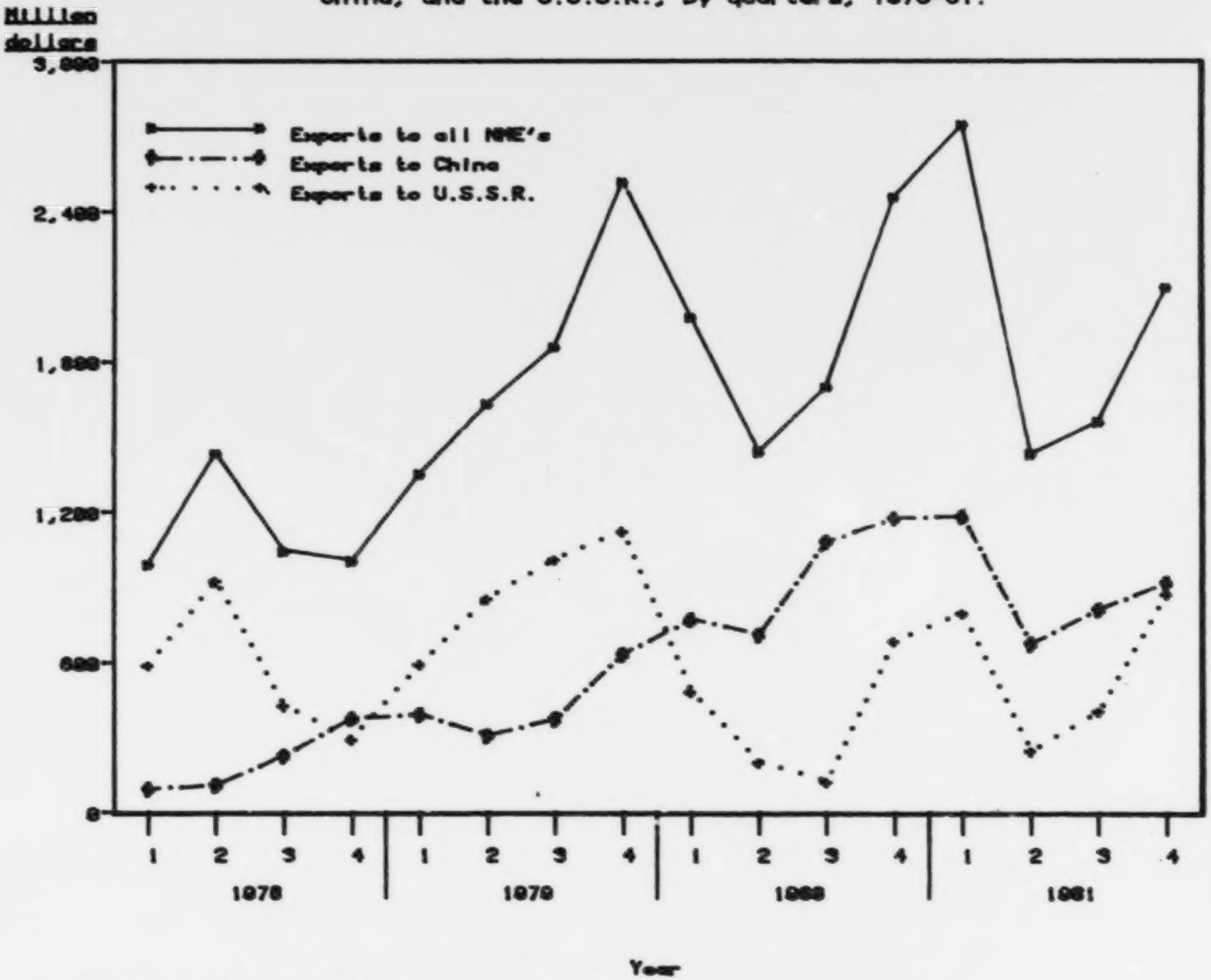
U.S. Imports From the NME's

Total U.S. imports increased by nearly 8 percent during 1981, whereas imports from NME's shot up by almost 40 percent (table 7). NME's supply only about 1 percent of total U.S. imports. There were no significant changes in the composition of overall U.S. imports from the world from 1980 to 1981. Manufactured goods (SITC Sections 6 through 8) accounted for 51 percent of the total, and fuels and lubricants (SITC Section 3), for 31 percent.

The share of manufactured goods in imports from the NME's measured 56 percent in 1981. From 1980 to 1981 over half the increase in the value of imports from the NME's took place in the three SITC sections that constitute manufactured goods. Increases were particularly significant in SITC Section 6--manufactured goods classified by chief material--and SITC Section 8--miscellaneous manufactured articles.

1/ More detailed explanations of developments in U.S. trade with specific NME's are contained in the sections on individual countries which appear later in this report.

Figure 2.--U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1978-81.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 6.--U.S. exports of selected major commodities to the nonmarket economy countries (NME's), 1980 and 1981

Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's	
		1980	1981	1980	1981
		Percent		1,000 dollars	
Cattle hides	Romania	11.4	7.1	73,928	46,703
Cereal grains	U.S.S.R. and China	19.1	20.3	3,368,345	3,868,615
Barley, unmilled	East Germany	6.0	4.2	12,334	12,484
Corn, unmilled	U.S.S.R	20.7	22.0	1,773,643	1,759,835
Wheat	China	24.8	26.7	1,582,052	2,096,130
Coal	Romania	1.7	.8	87,853	49,197
Fertilizers	U.S.S.R	6.8	12.3	231,036	347,194
Magnesium	Romania	7.7	1.9	9,812	1,683
Metal ores	U.S.S.R	1.1	3.0	20,645	42,203
Soybean oilcake and meal	Poland and East Germany	18.8	17.4	311,365	275,628
Soybeans	China	5.6	3.0	329,831	187,774
Textiles	do	12.2	13.0	1,114,062	1,127,757
Cotton	do	25.1	20.6	745,687	483,493
Manmade fibers	do	19.1	30.7	281,027	536,740

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 7.—U.S. imports from the world and from the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), 1980 and 1981

SITC Section No.	Description	Total imports		Imports from the NME's	
		1980	1981	1980	1981
		Value (million dollars)			
0	Food and live animals	15,738	15,123	282	277
1	Beverages and tobacco	2,598	2,932	27	35
2	Crude material--inedible, except fuel	10,165	10,894	169	339
3	Mineral fuels, lubricants, etc	78,756	80,761	199	554
4	Oils and fats—animal and vegetable	539	486	4	1
5	Chemicals	8,403	9,259	297	256
6	Manufactured goods classified by chief material	32,250	37,003	548	798
7	Machinery and transport equipment	60,710	69,247	195	272
8	Miscellaneous manufactured articles	23,666	26,024	622	814
9	Commodities and transactions not elsewhere classified	7,170	7,283	95	33
	Total	239,994	259,012	2,439	3,380
		Percent of total			
0	Food and live animals	6.6	5.8	11.6	8.2
1	Beverages and tobacco	1.1	1.1	1.1	1.0
2	Crude material--inedible, except fuel	4.2	4.2	6.9	10.0
3	Mineral fuels, lubricants, etc	32.8	31.2	8.2	16.4
4	Oils and fats—animal and vegetable	.2	.2	.2	0.0
5	Chemicals	3.5	3.6	12.2	7.6
6	Manufactured goods classified by chief material	13.4	14.3	22.5	23.6
7	Machinery and transport equipment	25.3	26.7	8.0	8.0
8	Miscellaneous manufactured articles	9.9	10.0	25.5	24.1
9	Commodities and transactions not elsewhere classified	3.0	2.8	4.0	1.0
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

The largest absolute increase in value occurred in the fuel category, where over a third of the increase in imports from NME's originated. The share of fuel imports in total U.S. imports from NME's doubled between 1980 and 1981. Gasoline, imports of which increased threefold, was the leading item imported from the NME's as a group in 1981, and headed all imports from both China and Romania.

Notable declines in U.S. import shares took place in three categories: food, because imports of canned ham from Poland were noticeably off; chemicals, because imports of ammonia and uranium fluorides from the U.S.S.R. declined measurably; and the basket category (SITC Section 9), where sales of gold bullion are classified—Soviet sales of gold in 1981 declined by 75 percent from the 1980 level.

During October-December 1981, China was the leading source among NME's for imports in 6 of the 10 SITC sections (table 8). China accounted for 55 percent of all U.S. imports from NME's during that quarter. The other leading sources for NME products were Romania, the U.S.S.R., and Poland. Romania was the major supplier in the machinery and transport equipment category (SITC Section 7); specific items of importance were passenger railway cars, tractors, and certain pumps. The fourth quarter startup of shipments of uranium fluorides from the Soviet Union resulted in its being the major NME supplier of chemicals (SITC Section 5) in that period.

U.S. imports from all major NME's except the U.S.S.R. and Poland increased in 1981, contributing to a 38.6-percent rise in shipments from this group of countries (table 9). The increases ranged from a major jump of 80 percent in imports from Romania to a slight 4-percent rise in those from East Germany. China, our major NME trading partner, boosted its shipments to the United States by 76 percent in 1981.

Imports from the U.S.S.R. declined by 17 percent, and those from Poland, by 13 percent. Between 1980 and 1981, Romania jumped from fourth to second place as a source of U.S. imports among the NME's, switching places with the Soviet Union. The substantial increases in 1981 imports from the two leading NME sources—China and Romania—contributed heavily to the dramatic rise in imports from the NME's as a whole.

Shipments from Romania increased by 117 percent between October-December 1980 and the corresponding period of 1981. This growth in U.S. imports was even larger than that recorded from 1980 to 1981, and may therefore indicate a continued rising trend. With the exception of China, the changes in imports from all other major NME's were greater in the fourth quarter than in the entire year.

An increase in the importance of China relative to other NME trading partners of the United States occurred in 1981. China's share of U.S. imports increased from 43 percent in 1980 to 54 percent in 1981. Figure 3 depicts the relative shares of the major NME's for the last 2 years.

Agricultural items are less important in U.S. imports from NME's than in exports to them. Still, these products constitute a larger share of imports from NME's than of U.S. imports from other sources. In 1981, such items made up nearly 16 percent of all goods imported from NME's but less than 7 percent of total U.S. imports from the world. Table 10 shows that the share of

Table 8.--U.S. imports from the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), October-December 1981

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0	Food and live animals	2	564	22,519	-	3,727	15	7,783	-	-	12,346	4,290	640	-	51,886
1	Beverages and tobacco	-	4,920	598	-	262	25	595	-	-	254	240	2,424	-	9,318
2	Crude material--inedible, except fuel	1,255	32	35,634	-	504	389	223	367	-	436	940	5,805	-	45,954
3	Mineral fuels, lubricants, etc	-	-	93,735	-	-	390	-	-	-	-	26,520	-	-	120,645
4	Oils and fats--animal and vegetable	-	-	64	-	-	-	-	-	-	-	-	4	-	68
5	Chemicals	8	311	29,646	-	319	1,223	1,538	-	-	3,976	1,753	39,012	-	77,786
6	Manufactured goods classified by chief material	-	2	106,724	-	5,564	4,817	2,226	-	-	19,204	46,940	14,530	-	200,006
7	Machinery and transport equipment	-	524	13,586	-	3,297	3,228	16,361	-	-	9,942	23,174	901	-	71,012
8	Miscellaneous manufactured articles	-	443	163,857	9	3,875	1,287	6,856	-	-	13,680	25,543	501	-	216,052
9	Commodities and transactions not elsewhere classified	-	-	1,890	1	66	97	65	-	-	605	20	3,738	-	6,480
	Total	1,265	6,796	468,253	9	17,614	11,470	35,646	367	-	60,442	129,421	67,556	-	844,794

1/ Standard International Trade Classification.

2/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table 9.--U.S. imports from the individual nonmarket economy countries and from the world, 1979-81, October-December 1980, and October-December 1981

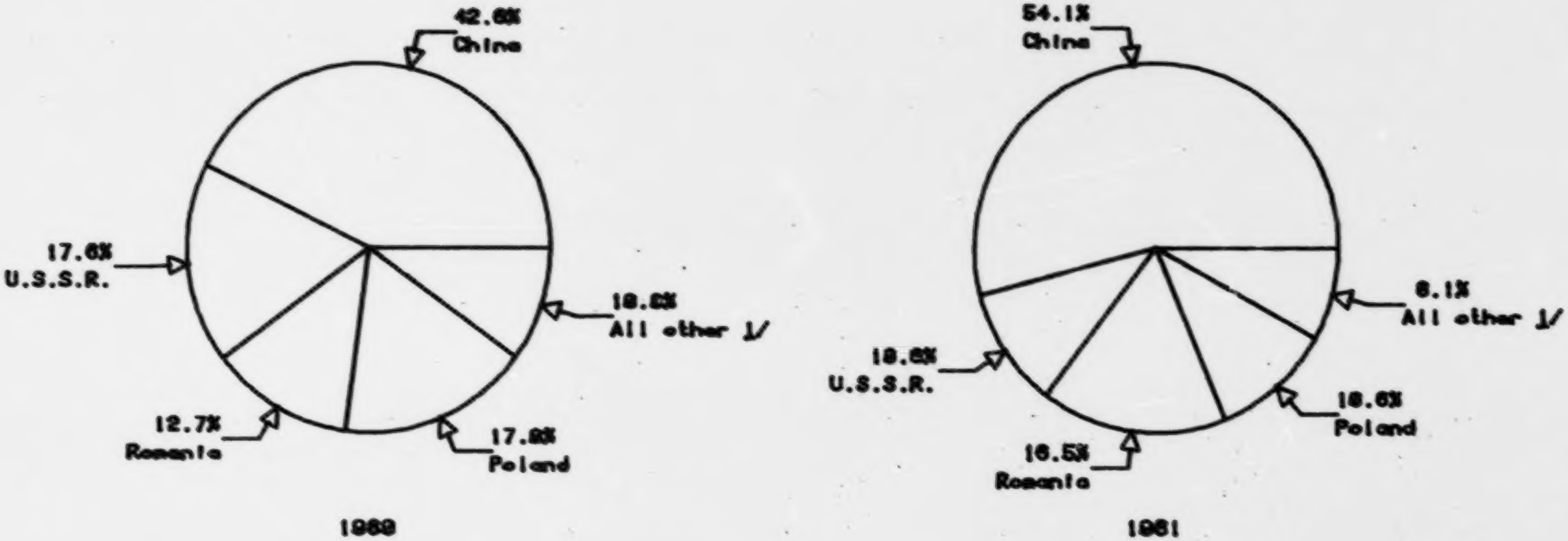
(In thousands of dollars)

Source	1979	1980	1981	October-December--	
				1980	1981
China	548,543	1,039,177	1,830,027	300,178	468,253
U.S.S.R	872,595	430,387	356,961	122,031	67,556
Romania	329,051	310,561	559,449	59,612	129,421
Poland	426,090	414,919	359,939	105,212	60,442
East Germany	35,666	42,959	44,702	10,229	11,470
Bulgaria	30,145	22,845	25,604	5,610	6,796
Hungary	112,129	104,269	127,939	26,375	35,646
Czechoslovakia	49,899	61,102	67,232	15,716	17,614
Vietnam	711	34	96	1	-
Albania	9,002	10,718	3,985	1,431	1,265
Mongolia	3,753	2,223	3,635	713	368
Cuba	152	19	36	3	9
North Korea	127	52	47	1	-
Total	2,417,863	2,439,263	3,379,653	647,111	798,840
Total, U.S. imports from the world	205,922,662	239,994,468	259,011,977	60,877,372	65,201,929

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Figure 3.--Relative shares of U.S. imports for consumption from the nonmarket economy countries, 1980 and 1981.



1/ East Germany, Bulgaria, Czechoslovakia, Hungary, Mongolia, Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 9.

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Table 10.—Agricultural items: U.S. imports from the nonmarket economy countries and from the world, 1979-81, October-December 1980, and October-December 1981

Source	1979	1980	1981	October-December--	
				1980	1981
	Value (1,000 dollars)				
China	85,684	133,108	299,328	35,208	36,138
U.S.S.R	14,698	9,636	11,856	1,020	2,757
Romania	33,588	30,470	27,953	7,401	4,822
Poland	163,969	155,743	109,121	40,083	13,361
East Germany	2,248	2,825	875	30	405
Bulgaria	23,239	17,440	21,491	4,451	5,767
Hungary	35,764	30,586	33,676	9,650	8,677
Czechoslovakia	7,726	10,441	12,094	4,262	4,493
Vietnam	1	-	-	-	-
Albania	2,524	3,833	2,687	1,415	915
Mongolia	3,752	2,197	3,526	713	368
Cuba	-	-	-	-	-
North Korea	-	-	10	-	-
Total	373,192	396,280	522,616	104,434	77,704
Total, agricultural imports from the world	16,725,061	17,366,236	16,778,310	4,498,877	4,059,110
	Percent of total imports from each country				
China	15.6	12.8	16.4	11.7	7.7
U.S.S.R	1.7	2.2	3.3	1.0	4.1
Romania	10.2	9.8	5.0	12.4	3.7
Poland	38.5	37.5	30.3	38.1	22.1
East Germany	6.3	6.6	2.0	.3	3.5
Bulgaria	77.1	76.3	83.9	79.3	84.9
Hungary	31.9	29.3	26.3	36.6	24.4
Czechoslovakia	15.5	17.1	18.0	27.1	25.5
Vietnam	.1	-	-	-	-
Albania	28.0	35.8	67.4	98.9	72.4
Mongolia	1/ 99.9	98.9	97.0	99.5	100.0
Cuba	-	-	-	-	-
North Korea	-	-	20.6	-	-
Total	15.4	16.2	15.5	16.1	9.7
Total, imports from the world	8.1	7.2	6.5	7.4	6.2

1/ Actually 99.97 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

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agricultural goods in both imports from all sources and imports from NME's decreased slightly from 1980 to 1981. In trade with the major NME's, agricultural products accounted for an insignificant amount of the value of goods imported from the U.S.S.R., Romania, and East Germany in 1981. Farm goods were of greater importance in U.S. purchases from Bulgaria, Poland, Hungary, Czechoslovakia, and China.

Until 1980 the Soviet Union was the NME that accounted for the greatest share of U.S. imports (fig. 4). In the first quarter of 1980, imports from China overtook those from the Soviet Union, and they have stayed at a higher level since that time. Imports from the NME's as a group peaked in the second quarter of 1981 and slowed somewhat in the third and fourth quarters.

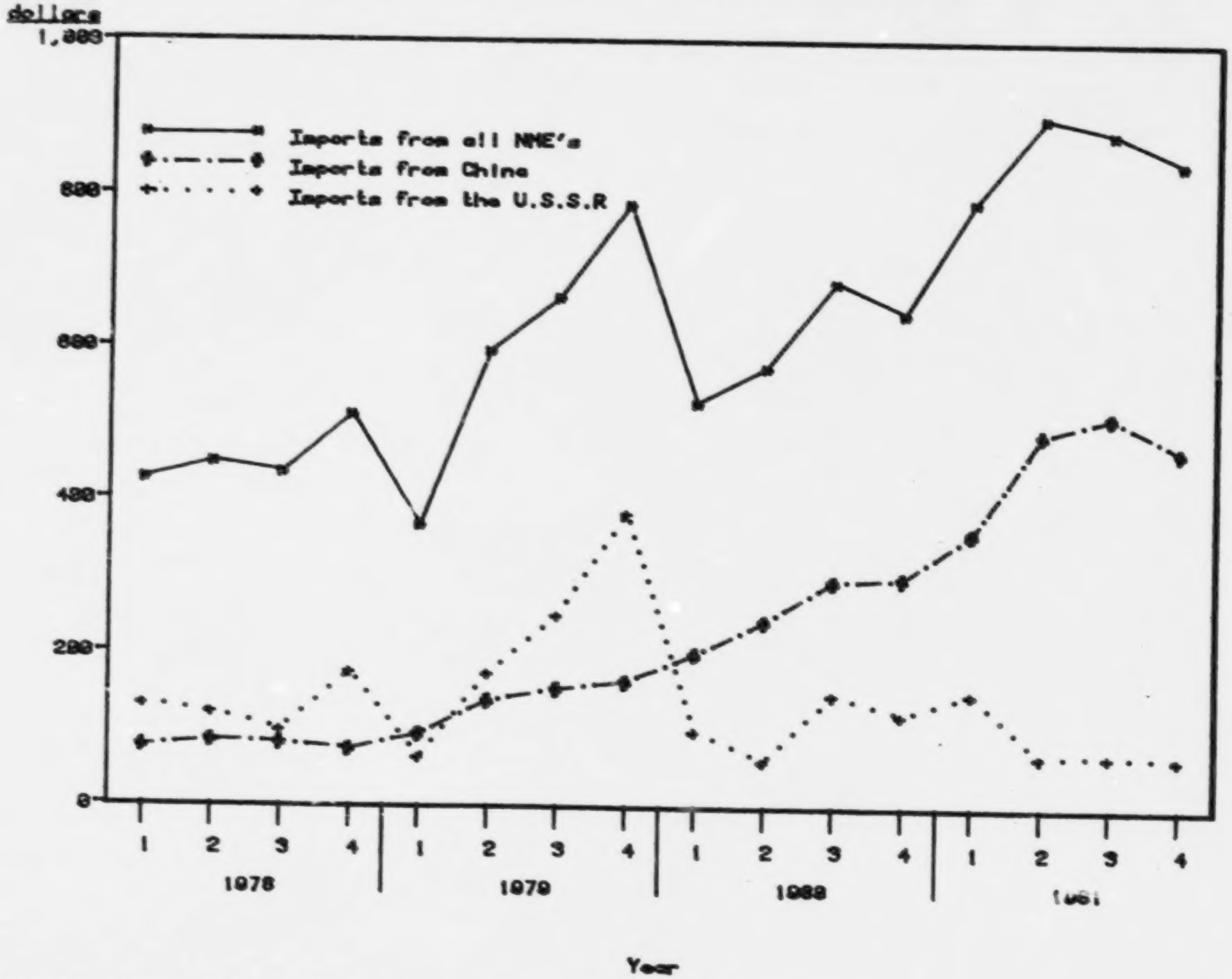
U.S. imports from NME's are summarized in table 11, which highlights selected commodity groupings. 1/ The value of trade in these product groupings, the share of imports they accounted for in the last 2 years, and the major NME supplier in 1981 are indicated.

The largest trade items shown in the table are textiles and petroleum and natural gas. However, the NME's are not particularly important sources of these products. On the other hand, the items which NME's supply in the largest proportion (e.g., prepared pork, feathers and down) are not of great significance in terms of total U.S. import value. 2/

1/ Additional information on specific import items is contained in app. A.

2/ As a share of U.S. consumption of canned hams, canned hams from the NME's from 1975 to 1979 ranged between 22 and 29 percent. As a share of U.S. consumption of pork and hams, the percentages are considerably lower. (See 23d Quarterly Report . . ., p. 57.) The United States is dependent on foreign sources for more than four-fifths of its consumption of feathers and down. (See 16th Quarterly Report . . ., p. 20.)

Figure 4.--U.S. imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters 1978-81.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 11.—U.S. imports of selected major commodities from the nonmarket economy countries (NME's), 1980 and 1981

Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's	
		1980	1981	1980	1981
		Percent		1,000 dollars	
Cereal grains	Romania	1.2	9.5	468	4,518
Corn, unmilled	do	6.5	28.2	466	4,507
Chromium scrap	China	3.5	2.9	1,001	723
Coal	Poland	11.3	2.0	9,542	1,439
Copper	do	.5	.4	7,402	4,698
Feathers and down	China	39.4	37.5	26,698	28,335
Fertilizers	U.S.S.R	8.2	6.1	106,229	85,564
Furniture	Romania	5.0	5.0	26,089	29,795
Glass and glass products	do	5.8	5.4	37,402	38,144
Macaroni	China	6.8	6.7	2,367	2,934
Metal coins	do	2.2	.6	43,110	7,121
Metal ores	do	1.6	1.3	37,436	32,992
Nickel	U.S.S.R	2.4	4.2	21,128	37,776
Petroleum and natural gas	China	.2	.7	188,158	551,303
Precious metals	U.S.S.R	3.4	1.9	183,041	74,178
Gold bullion	do	3.4	1.1	85,695	21,369
Platinum	do	7.5	7.4	71,129	47,555
Prepared pork	Poland	53.7	40.8	187,783	137,022
Textiles	China	4.9	6.3	611,515	902,294
Footwear	Romania and China	3.4	3.4	103,372	106,842
Nonrubber footwear	Romania	5.4	4.5	87,265	82,226
Manmade fibers	do	1.2	1.2	2,825	3,731
Tin	China	1.8	3.5	13,854	22,263
Titanium	do	30.5	11.1	33,091	15,584
Tobacco	Bulgaria	3.4	3.6	16,687	20,193
Typewriters	Bulgaria, East Germany, and Hungary.	1.8	1.8	6,403	6,143

Source: Compiled from official statistics of the U.S. Department of Commerce.

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U.S. TRADE AND COMMERCIAL RELATIONS WITH NONMARKET ECONOMY COUNTRIES IN 1981

China

After doubling in 1979 and again in 1980, the value of U.S.-Chinese trade increased only 13.4 percent in 1981, to $5.4 billion. Exports to China declined slightly as imports increased by 76 percent. Nonetheless, the U.S. surplus in bilateral trade was $1.8 billion. This was larger than the total value of U.S. exports to China in 1979, though it was smaller by almost a billion than the 1980 surplus.

The U.S. surpluses in trade with China had been increasing since 1978. By 1980, the imbalance had become an issue in bilateral relations, with the Chinese contending that, if trade was to grow, the United States must substantially increase its imports of Chinese products. While U.S. purchases from China have continuously increased in recent years, the share of two-way trade accounted for by U.S. imports from China declined from 28 percent in 1978 to 22 percent in 1980. This trend was reversed in 1981, with imports growing to one-third of the trade turnover (table 12). Imports of agricultural products from China increased by 125 percent to $299.3 million. Nonagricultural items increased somewhat more slowly--by 69 percent to $1.5 billion—but accounted for 84 percent of total U.S. imports from China in 1981.

Despite a 4-percent decrease in 1981, U.S. exports to China amounted to $3.6 billion. Agricultural products accounted for 54.4 percent of the export value, down almost 5 percentage points from their share in 1980. U.S. farm exports to China declined $253.2 million (11.5 percent) in 1981, mainly owing to China's record or near-record harvests of grain, cotton, and oilseeds. Nonagricultural exports increased $102.8 million, or by 6.7 percent, over their level in 1980. However, machinery and transport equipment exports declined sharply, reflecting a cutback in China's demand for capital goods. U.S. sales to China of such items decreased from $358.4 million in 1980 to $211.8 million in 1981, or to less than their export value in 1979. U.S. companies expected this export sector to grow rapidly when the program to modernize the Chinese economy was launched in 1978. Instead, the share of machinery and transport equipment decreased from a high of 13.3 percent of U.S. sales to China in 1979 to 10 percent in 1980 and only 5.9 percent in 1981.

Because of the predominance of agricultural commodities in U.S. exports to China, fluctuations in that country's farm output can have a significant effect upon the total volume of U.S.-Chinese trade. A second and sometimes more important factor that affects both the level and the composition of bilateral trade is the changes that the Chinese have made in recent years in their domestic economic policies. The readjustment program undertaken in 1981 was the most recent realignment of China's economic priorities.

China's Economic Readjustments

China's leaders announced the first "readjustment" of their modernization plan in December 1978, less than a year after the program was introduced. Further readjustments followed during 1979 and 1980. Goals were scaled down

Table 12.--U.S. trade with China, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	488,271	1,264,714	1,332,476
1	Beverages and tobacco	95	339	1,133
2	Crude materials--inedible, except fuel	531,809	1,183,305	1,102,879
3	Mineral fuels, lubricants, etc	673	1,773	3,075
4	Oils and fats--animal and vegetable	42,036	73,398	21,797
5	Chemicals	125,170	385,601	405,262
6	Manufactured goods classified by chief material	243,927	423,605	446,915
7	Machinery and transport equipment	228,716	358,371	211,833
8	Miscellaneous manufactured articles	55,198	55,767	70,710
9	Commodities and transactions not elsewhere classified	605	2,121	2,522
	Total	1,716,500	3,748,993	3,598,601
		U.S. imports		
0	Food and live animals	51,272	55,324	95,188
1	Beverages and tobacco	682	1,512	1,960
2	Crude materials--inedible, except fuel	65,077	126,148	299,252
3	Mineral fuels, lubricants, etc	96,431	132,442	295,428
4	Oils and fats--animal and vegetable	3,432	1,985	339
5	Chemicals	53,299	101,533	125,326
6	Manufactured goods classified by chief material	82,301	232,258	370,630
7	Machinery and transport equipment	1,060	5,255	39,603
8	Miscellaneous manufactured articles	190,512	379,459	595,852
9	Commodities and transactions not elsewhere classified	4,472	3,260	6,449
	Total	548,543	1,039,177	1,830,027

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

and priorities were modified. In June 1979, a 3-year (1979-81) readjustment program was officially adopted, and the specific economic goals for 1985 that had been announced in 1978 were set aside. Economic development remained the basic goal under the revised plans, but growth was to be moderated, largely through a cutback in plans for capital construction. To increase output for both domestic consumption and export, emphasis was shifted to agricultural diversification and to the expansion of light industries.

While the initial readjustments succeeded in raising production levels, new problems were emerging by 1980. Structural weaknesses in the economy--a shortage of port and transport facilities, inadequate electric power, and weak technical and managerial skills--were stifling progress in major industrial projects. The deficit in China's national budget was 17 billion yuan ($11.3 billion) in 1979 and 12 billion yuan ($7.4 billion) in 1980, mainly owing to the large outlays for capital construction. The deficit was the problem on which China's leaders focused when they announced that further readjustments would be made in 1981.

The budget deficits were accompanied by a rapid increase in the rate of inflation. Few of the heavy industrial projects had a large import component, and the domestic portion of the outlays was financed primarily by the Government's issuing currency. Incentive programs increased money incomes and also fueled inflation. Prices paid to farmers were raised to increase production levels and narrow the gap between rural and urban incomes. The widespread adoption of a bonus system in the factories accelerated inflation in the urban areas, since consumer-goods production did not keep pace with the rise in wages. 1/ Concurrently, urban unemployment was increasing. To mitigate these problems, the new readjustments called for still more emphasis on the labor-intensive, consumer-oriented light industries and agriculture and the further curtailment of capital construction. By early 1981, most major industrial projects had been halted.

To eliminate the budget deficit in 1981, funds for major capital construction projects were cut by 44 percent, to 30 billion yuan ($18.5 billion). 2/ The budget reduction resulted in the cancellation of a number of contracts (including some with U.S. companies) and the drastic curtailment of imports tied to projects already underway. Nearly all capital construction was affected, especially that involving steel mills, mines andmetallurgical plants, and petrochemcial complexes. The largest of the projects halted was the Baoshan General Iron and Steel Works, with planned import requirements totaling approximately $5 billion. In late January 1981, all further work on the partially completed first phase of this complex was

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1/ While the agricultural incentives were tied to production increases, the policy of giving bonuses to factory workers that was introduced in 1978 largely failed as an incentive program. Faced with the problem of deciding who should get bonuses and how much they should get, many factory managers gave all factory workers the same bonus, thus eliminating any incentive effect.

2/ China's leaders initially announced a 40-percent cut in funds for capital construction; a further readjustment was announced in March 1981. The budget reduction also included smaller cuts in funds for military and administrative expenditures.

postponed, 1/ and contracts for the projected second phase of construction were cancelled.

During 1981, major construction activities were limited primarily to investments in the development of the economic infrastructure--projects such as the building of railroads, cargo container port facilities, electric power stations and transmission lines, and telecommunication systems. Expansion of manufacturing facilities was confined to the light industries, i.e., plants to produce consumer goods such as textile fabrics and apparel, watches, bicycles, radios, television sets, electric fans, and sewing machines. On the other hand, the cut in funding for the heavy industries resulted in numerous plant closings and the operation of existing facilities at a fraction of their capacity.

Although light industry continued to grow rapidly in 1981, the decline in heavy industrial output and capital construction was probably greater than China's leaders had anticipated. 2/ Unemployment rose substantially, and, in order to reverse this trend in 1982, some increase in funds for heavy industry is likely. The construction of the first phase of the Baoshan steel complex will be resumed, and other projects may go forward. However, no fundamental change in the direction of the readjustment program is expected during 1982.

Speaking before the fourth session of the fifth National People's Congress (NPC) at its opening on November 30, 1981, Premier Zhao Ziyang said that it would take "five more years, beginning this year, or a little longer," to complete China's economic readjustment. 3/ The 1981 readjustments greatly

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1/ Among foreign investors, Japanese companies stood to lose the most when the postponements and cancellations were announced under the new readjustment policy. Shortly after the suspension of work at the Baoshan site (the first stage of the complex was half completed), China's leaders approached the Japanese for a loan to cover the Japanese-financed projects. After months of negotiations, an agreement was signed on Dec. 16, 1981. The loan of 300 billion yen ($1.38 billion), consisting of both Government and private credits, provides for the resumption of the first phase of the Baoshan steel complex, to be completed about 1985, and for the construction of a petrochemical complex at Daqing. Four additional industrial projects are covered by the loan package, but no construction dates were announced when the accord was signed.

2/ Official Chinese estimates based on production data for approximately 11 months indicate that output in the light industries increased 12 percent in 1981. The production target for heavy industry provided for zero growth in 1981, but the output of this sector was estimated to have decreased about 5 percent.

3/ U.S. Foreign Broadcast Information Service (FBIS), Daily Report: China, Nov. 30, 1981, p. K 8.

reduced the national budget deficit, 1/ and the goals outlined for 1982 are for more of the same: controlling spending, curbing inflation, promoting light industry, and developing the infrastructure. Imports to support industry will consist of technology and essential machinery that the Chinese cannot yet produce, with additional expenditures for heavy industry largely limited to items for the renovation or upgrading of existing plant facilities.

In sharply curtailing funds for industrial construction projects, the readjustments in 1981 slowed the pace of China's modernization in that sector of the economy most dependent on foreign participation in the form of imported plants, equipment, and technical services from the technologically advanced Western countries. Still, the Chinese increased their foreign borrowing in 1981. The financing included not only China's first loans from the International Monetary Fund (IMF) 2/ and World Bank, 3/ but also an increase in the arrangements concluded for bilateral credits. Among such credits was the first loan to China authorized by the Export-Import Bank of the United States (Eximbank), described below.

Developments in U.S. Commercial Relations With China

In 1981 the new administration took several steps to strengthen and expand the economic framework established with China under President Carter. A U.S.-Chinese trade agreement had been approved by the Congress in January 1980. 4/ This agreement provided MFN tariff treatment to China's products, effective February 1, and made China eligible for Eximbank financing. Other bilateral agreements—covering maritime transport, air transport, textile imports from China, and U.S. grain exports to China—were also concluded. Some steps had also been taken to ease export restrictions for China on civilian goods with potential military applications and on certain types of military support equipment. During 1981 the question of continuing to accord MFN tariff status to China was reviewed by the Congress, and nondiscriminatory treatment was continued for another year; Eximbank activity with China was

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1/ In his report to the NPC on Nov. 30, 1981, Premier Zhao Ziyang said that he expected the deficit to decline to $2.7 billion yuan in 1981 (Ibid., p. K 7). Although China's goal was to balance the national budget in 1981, this figure represents a significant improvement over the approximately 12-billion yuan deficit reported for 1980.

2/ China borrowed the equivalent of SDR 560 million in foreign currencies from the IMF in 1981 (an amount equal to approximately $547 million on Mar. 2, 1981, the date on which the loan was approved). It also received a special low-interest, long-term loan of SDR 309.5 million. (The SDR's, or Special Drawing Rights, are international reserve assets created and used by the IMF to denominate its loan transactions.) For details on these loans to China, see 26th Quarterly Report . . ., pp. 38-40.

3/ China's first loan from the World Bank for $200 million will cover the foreign-exchange cost of expanding student enrollment and upgrading education in the sciences and engineering at 26 universities in China (see 27th Quarterly Report . . ., pp. 52-54).

4/ Title IV of the Trade Act of 1974 requires that the United States enter into a trade agreement with a Communist country before granting it MFN tariff status.

increased; and, following an extensive review of U.S. trade policy toward China by the Reagan administration, restrictions on the sale of controlled exports to China were significantly reduced.

Review of most-favored-nation status

Imports from China receive MFN tariff treatment under a waiver of sections 402(a) and (b) of the Trade Act of 1974. Under this waiver, China's MFN status is reviewed annually and, subject to congressional approval, may be continued for another year. Sections 402(a) and (b) prohibit the extension of MFN, or column 1, tariff treatment to the products of any NME that denies or severely restricts emigration by its citizens, but this prohibition may be waived by the President if he determines that granting a country MFN status will promote free emigration. However, either the President's waiver authority or any of the specific waivers that have been granted for individual Communist countries by him can be disapproved by the Congress. 1/

At the present time, the primary barrier to the emigration of Chinese citizens is not China's policy but restrictions on immigration imposed by its neighbors--especially the Hong Kong Government. They fear that in the absence of controls an unending stream of Chinese workers might enter their labor markets. In 1981, as in the first annual congressional review of China's MFN status in 1980, there was virtually no opposition to continuing the emigration waiver. When neither house of the Congress adopted a resolution of disapproval during the 60-day review period ending August 31, the waiver for China was automatically extended through July 3, 1982.

Export credits

Although the credit facilities of Eximbank were made available to China in April 1980, 2/ the first loan was not authorized until September 1981. One preliminary loan commitment was made in 1980 to support U.S. participation in the construction of the second phase of the Baoshan steel complex; it was never authorized, however, since China first delayed and then, in early 1981, cancelled the contracts for this portion of the project.

1/ The congressional review also examined the waivers in effect for Romania and Hungary. See the section on "Developments in U.S. Commercial Relations With Eastern Europe" later in this report.

2/ Like MFN tariff treatment, Eximbank financing was extended to China under the President's authority to waive secs. 402(a) and (b) of the Trade Act of 1974, and was a provision in the U.S.-Chinese trade agreement. Following congressional approval of this agreement, one final step was required: a Presidential determination that extending the credit facilities of Eximbank is in the national interest. This determination was issued by President Carter on Apr. 3, 1980.

The first Eximbank financing obtained by China is for a project that is indicative of its current commitment to developing the economic infrastructure of the country. The loan will support the purchase of approximately $75 million in power-generating equipment and technical services. Contracts with two U.S. companies are involved. Westinghouse Electric Co. will supply turbine generator components and related technology, and Combustion Engineering, Inc., will provide boiler components and technical services. The purpose of the imports is to upgrade electric-power production capability in Harbin and Shanghai, where China plans to build a number of large coal-fired power plants. At present, the Chinese have neither equipment of the size and sophistication needed nor the technical expertise for such an undertaking. The U.S.-supplied components are 300-megawatt and 600-megawatt turbine generators; currently, the largest Chinese-built steam turbines are 300 megawatt, and most are reportedly 125 megawatt. 1/ Eximbank financing will cover $57.1 million, 2/ or 75 percent, of the U.S. export transaction at 8.75 percent interest, the rate in effect when the preliminary loan agreement was concluded between Eximbank and the Bank of China in Feburary 1981. 3/

A preliminary loan commitment for another Chinese economic infrastructure project was approved by Eximbank in November 1981. This loan will support approximately $14 million in U.S. exports of equipment for a telephone cable plant in China, to be supplied by the Essex Wire Co., a subsidiary of United Technologies. Eximbank will finance $9.1 million, or 65 percent, of the contract value at an interest rate of 12 percent.

In December, Eximbank made a preliminary commitment to lend China approximately $60.4 million, again extending its support for U.S. participation in the Baoshan steel project. After receiving assurances that Japanese financing would be made available to complete the first phase of this complex, 4/ the Chinese announced their intention to eventually resume construction of the second phase of the project, which had been cancelled in early 1981. Under the original contract, Wein United, Inc., and other U.S. suppliers were to provide steelmaking equipment and technical assistance in building a cold-rolling mill. 5/ The terms of Eximbank's preliminary loan commitment are similar to those of the initial loan approved in April 1980.

1/ The China Business Review, March-April 1981, p. 10.

2/ Although Eximbank actually extended two credits to China (one for each of the U.S. companies involved), the financing was handled under one loan agreement. Because the loan was for purchases by a Communist country in an amount exceeding $50 million, it could not be authorized until the President had made a determination that extending the credits is in the national interest (sec. 2(b)(2) of the Export-Import Act of 1945). President Reagan issued the determination on Sept. 4, 1981 (46 F.R. 45927).

3/ Eximbank's standard rate of interest for long-term loans was increased to 10.75 percent in July 1981 and to 12 percent in November 1981.

4/ See "China's Readjustments in 1981," above.

5/ Wein United's participation in the project was part of a contract held by Schloemann-Siemag, a West German consortium. The total foreign-exchange cost of this portion of the complex was approximately $500 million.

Eximbank will finance 75 percent of the $80.5 million U.S. export transaction, Wein United will finance another 10 percent, and China will make a cash payment for the remaining 15 percent of the transaction. However, under the new commitment, Eximbank will guarantee the approximately $8 million in credit extended by the U.S. supplier. The loan was reinstated at the current Eximbank interest rate of 12 percent.

China is also eligible for the credit-guarantee program of the Department of Agriculture's Commodity Credit Corporation (CCC). This program supports U.S. grain exports by guaranteeing credit (principal and a portion of the interest) extended to an importing country by U.S. banks. Although access to the credit guarantee program was made available to China under a provision of the Agricultural Trade Act of 1978, China has nonetheless continued to pay cash for its purchases of U.S. grain. The Chinese are not likely to use the services of the CCC until U.S. interest rates decline.

Export controls

When President Reagan assumed office, the existence of U.S. national security and foreign-policy controls on exports to China was still a major issue in bilateral trade relations. Since the Chinese were interested in acquiring advanced U.S. equipment and technology to strengthen critically weak sectors of their economy, the restrictiveness of the controls was their particular concern. U.S. companies complained that uncertainty--not knowing whether their products would be licensed for export to China--seriously hampered their development of this market. For China's Government leaders and U.S. businessmen alike, the slowness of the export-licensing process was a continuing sore point.

An easing of restrictions had begun in 1980. The first step was the publication of a list of certain nonlethal military support equipment that would be considered, case by case, for export to China. This was followed by a change in the regulations for administering exports of dual-use goods and technology (goods and related technical data, including services, having both civilian and potentially significant military applications). In April 1980, the Department of Commerce's Office of Export Administration (OEA) removed China from the list of countries that, for purposes of export control, includes the U.S.S.R. and Soviet bloc countries; a new export control group was designated (Country Group P) to cover only China. President Carter's approval of new export-licensing criteria for China was announced in July 1980; exports to China were to be treated more liberally than those to the Soviet Union and other controlled countries. At the time, however, only a few applications were approved under the new criteria, and in November 1980 the licensing of dual-use goods and technology for export to China was in effect suspended pending a policy review by the incoming administration.

In assessing U.S. policy toward China, the Reagan administration reviewed three types of U.S. trade restrictions: (1) Controls on the export of dual-use goods and technology, (2) the regulations prohibiting the sale of arms to China, and (3) statutory restrictions based on China's previous association with the Soviet bloc. The last group of restrictions includes provisions in the Foreign Assistance Act of 1961 (which excludes China from eligibility for U.S. development assistance), the Agricultural Trade Development and Assistance Act of 1954 (which excludes China from concessionary financing under Public Law 480), and the Trade Agreements Extension Act of 1951 (which prohibits U.S. imports of seven categories of furs from China and the Soviet Union). The administration could act independently to further liberalize controls on dual-use exports and to permit the sale of arms to China. However, removal of the statutory restrictions will require that bills amending current legislation be passed by the Congress.

The Reagan administration based a further easing of export controls on the premise that "China is . . . a friendly developing country with which, without being allied, we share important strategic interests." [1] On July 8, 1981, the Department of Commerce issued a statement that described the new criteria for granting licenses for the export of dual-use goods and technology to China and that outlined new procedures for reviewing the hundreds of license applications pending since the fall of 1980. [2] The latter involved the elimination of interagency review, except in the cases of those licenses that require clearance by the Coordinating Committee for Multilateral Export Controls (COCOM). [3] For the majority of items requiring validated licenses for export to China, neither the Department of Defense nor the Department of State would any longer review the applications granted by the OEA.

The new criteria for granting license applications called for "a presumption of approval for products with technical levels twice those previously approved." [4] This statement referred primarily to the licensing of technically advanced computers, but the so-called two-times policy was not clearly defined. More specific guidelines on the new criteria were not released until yearend.

In an announcement issued by the OEA on December 29, [4] the administration reaffirmed that the general licensing policy is to approve products of significantly higher technical levels for export to China than those that would be approved for export to other controlled countries: "Licenses will not be denied solely because of the technical level of the equipment, provided the equipment does not substantially exceed the requirements of the stated and accepted end-use." The approval of equipment and related technology will not necessarily be denied because of their potential military applications. However, the new regulations explain that, regardless of their stated end use, some technologies would present an "unacceptable risk." For certain items, the regulations now provide details on the technical levels and end uses "likely to be approved."

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[1] Statement by Ambassador John H. Holdridge, Assistant Secretary of State for East Asian and Pacific Affairs, before the House Foreign Affairs Committee on July 16, 1981.

[2] Department of Commerce, International Trade Administration, news release No. 81-118, July 8, 1981.

[3] COCOM consists of the members of the North Atlantic Treaty Organization (except Iceland) and Japan. For certain high-technology items restricted by COCOM, the unanimous permission of the other member countries must be obtained before an export license can be issued.

[4] ITA news release No. 81-118.

[5] 46 F.R. 62836.

While the guidelines may provide more certainty for U.S. companies exporting to China, license applications still may not be processed as quickly as was indicated in the announcement made in July. The new regulations provide that "when doubling previous [technical] levels is impractical, the Department will use the interagency review process to determine the acceptability of proposed exports."

The Reagan administration has also revised regulations to permit the sale of arms to China. The International Traffic in Arms Regulations include a provision that denies the approval of U.S. arms exports to certain enumerated countries. Effective December 14, 1981, China was removed from this list. 1/ License applications for commercial arms sales to China will now be considered on a case-by-case basis.

The Chinese are interested in purchasing advanced U.S. computers and other sophisticated analytical and process-control equipment. At the present time, however, they do not appear to have much interest in the purchase of arms. Military expenditures have been reduced under China's current economic readjustment program. The priority now given the defense sector is less than that accorded industry, agriculture, and science.

U.S. administrative actions affecting imports from China

Although imports from China increased substantially in 1981, the U.S. International Trade Commission instituted no new investigations of alleged injury to U.S. industries from the larger volume of Chinese products entering this country. An investigation was conducted by the Commission on imports of menthol from China; however, this was the final phase of an investigation initially instituted in June 1980, when the domestic synthetic menthol industry filed a petition under the antidumping provision of the Tariff Act of 1930. On June 1, 1981, the Commission unanimously determined that a U.S. industry is not materially injured, or threatened with material injury, by reason of imports of natural menthol from China. 2/ Thus, although these imports had been found by the Department of Commerce to have been sold at less than fair value, no action restricting this trade was taken by the United States.

Two other investigations involving products imported from China were instituted by the Commission in 1981 under the provisions of section 203 of the Trade Act of 1974. This section provides for the review of conditions in a U.S. industry for which import relief is presently in effect. In the first of these investigations, begun in July 1981, the Commission found that ending or reducing the import quota on imported clothespins (applicable to imports from all sources) would have an adverse effect on the domestic clothespin

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1/ Department of State, Munitions Control Newsletter, No. 92, December 1981; 46 F.R. 60820.

2/ Menthol From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-28 (Final) . . ., USITC Publication 1151, June 1981. For a discussion of the preliminary and final investigations conducted by the Commission in this case, see 23d Quarterly Report . . ., p. 34, and 26th Quarterly Report . . ., p. 43.

industry; it recommended that the current level of relief be extended for another 3 years. 1/

The second section 203 investigation was begun on December 21, 1981. The Commission will advise the President on developments in the domestic mushroom industry since import relief became effective. 2/ The tariff rate on imported canned and other prepared mushrooms (item 144.20 in the Tariff Schedules of the United States) was increased by the President by the equivalent of 20 percent ad valorem effective November 1, 1980. 3/ A scheduled reduction of the additional duties to 28 percent ad valorem was made in November 1981, and will be followed by a further reduction to 23 percent ad valorem in the third year. The duty on these mushrooms is scheduled to revert to the preinvestigation level on November 1, 1983. 4/ Total U.S. imports of mushrooms have declined substantially since the higher rate was imposed. They were 21.4 percent less, by value, in 1981 than in 1980. However, the value of mushrooms from China more than doubled in 1981, amounting to $15.2 million, or 35.3 percent of total imports, compared with $7.1 million, or 13.1 percent of such imports, in 1980. China's exports have largely replaced the much larger share previously supplied by Taiwan and the Republic of Korea.

The imports from China most closely monitored by a U.S. industry are apparel and other manufactured textile items not subject to specific import ceilings under the U.S.-Chinese textile agreement. That agreement provides for consultation if imports of unrestricted textiles are tending to disrupt the U.S. market, and import restraints (quotas) can be unilaterally applied by the United States until agreement can be reached on an appropriate level of trade. In January 1981, after agreement could not be reached on a level of imports for woolen sweaters from China, the United States imposed a quantitative restriction on imports from China of this item and, in February, embargoed further shipments. The embargo was lifted on September 24, 1981, after the two Governments had agreed upon an import ceiling. Import restraints also remain in effect on all items that initially became subject to

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1/ Clothespins: Report to the President on Investigation No. TA-203-12 . . ., USITC Publication 1201, December 1981. Other NME's—notably Poland and Romania--are also suppliers of imported clothespins. See 28th Quarterly Report . . ., p. 43, and the section on "Developments in U.S. Commercial Relations With Eastern Europe" later in this report. On Feb. 22, 1982, the date on which the quota was scheduled to expire, President Reagan extended the current level of import relief for 2 years, rather than for the additional 3 years recommended by the Commission.

2/ The Commission is also to advise the President as to the probable economic effect on the domestic industry of reducing or terminating import relief on canned mushrooms broiled in butter or in butter sauce. However, such imports constitute only about 4 percent of the total annual imports provided for in TSUS item 144.20.

3/ The tariff on TSUS item 144.20 is a compound rate. The col. 1 (MFN) duty was raised from 3.2 cents per pound (drained weight) plus 10 percent ad valorem, or the equivalent of 13 percent ad valorem, to 10 cents per pound (drained weight) plus 30 percent ad valorem, or the equivalent of 33 percent ad valorem.

4/ For a more detailed account of this investigation and the import relief applied, see 24th Quarterly Report . . ., pp. 43-45.

agreed levels of trade when the bilateral accord was signed by the United States and China in September 1980. 1/

During 1981, the question of whether China should be extended duty-free tariff treatment under the U.S. Generalized System of Preferences (GSP) remained a dormant issue. Since China has not become a contracting party to the General Agreement on Tariffs and Trade, it is not eligible for GSP status under U.S. law. However, to provide for the possibility that China may in the near future meet this statutory requirement and request designation as a beneficiary country, the President asked the International Trade Commission in December 1980 to investigate the probable economic effect on domestic industries of extending GSP treatment to imports from China. The Commission's findings were submitted to the President in a classified report. 2/

U.S. Exports

The value of U.S. exports to China declined by $150.4 million in 1981 to $3.6 billion. The decreases occurred in crude materials, except fuel (table 12, SITC Section 2), animal and vegetable oils and fats (SITC Section 4), and machinery and transport equipment (SITC Section 7). Food and live animals (SITC Section 0), the leading category of exports to China, increased by $67.8 million, or only 5.4 percent. U.S. exports in this category, consisting almost entirely of wheat and corn, had increased by $776.4 million, or 159 percent, in 1980. The Chinese shifted a substantial portion of their purchases from other grain-exporting countries to the United States in 1980, making this country their largest grain supplier. In the absence of a marked rise in another category of exports, a leveling off of U.S. sales to China in 1981 was therefore to be expected.

The value of food exports in 1981 was $1.33 billion, or 37 percent of total U.S. sales to China. Exports of wheat increased by 22 percent to $1.27 billion (table B-3 in app. B), and accounted for 95 percent of the value of food shipments. While China's grain imports are small in comparison with its national grain production, they have been increasing in recent years as the result of the new policy to raise the standard of living of the Chinese people. Since wheat is the principal grain import and the United States now

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1/ As of Dec. 31, 1981, the textile items subject to specific levels of restraint under the bilateral agreement were cotton gloves; men's and boys' cotton coats; women's, girls', and infants' cotton coats; men's and boys' cotton knit shirts; women's, girls', and infants' cotton knit shirts and blouses; men's and boys' woven cotton shirts; women's, girls', and infants' woven cotton blouses; cotton trousers; wool sweaters; and manmade-fiber sweaters.

2/ The unclassified portions of the investigation are available from the Commission in an unnumbered publication entitled Probable Economic Effect on Domestic Industries of the Designation of the People's Republic of China as a Beneficiary Developing Country for Purposes of the U.S. Generalized System of Preferences: Report to the President on USITC Investigation No. 332-123 . . ., June 1981.

accounts for roughly half of the import requirements, 1/ U.S. exports may vary considerably from year to year depending on China's harvests. China's grain production in 1981 was larger than the 1980 harvest, and probably almost equaled the record level reached in 1979. 2/ Shipments of U.S. wheat to China during the fourth quarter of 1981 totaled $305.2 million, less than in October-December 1980 ($390.5 million). More important, the large 1981 harvest is likely to slow the growth of China's purchases of U.S. wheat in 1982.

U.S. corn exports to China declined sharply, from $225 million in 1980 to $62 million in 1981, or by 72 percent. The main reason was probably the relatively high price of U.S. corn during the first 8 months of 1981, owing to the drought that substantially reduced U.S. corn output in 1980. The price of U.S. corn declined following the record 1981 harvest, and China purchased 41.3 million dollars' worth in the fourth quarter. These purchases represented about two-thirds of the total value of its corn imports from the United States during 1981. Another factor that may have reduced China's demand for corn in 1981 was a decrease in its hog production. In recent years, China has been developing its livestock industry to raise the level of domestic meat consumption. However, after substantial increases in 1978 and 1979, hog output in China decreased in 1980 3/ and may have declined further in 1981. 4/

China's imports of U.S. wheat and corn combined reached 7.9 million metric tons, with wheat accounting for 7.4 million of the total. This amount was well below the ceiling level agreed upon in the 4-year United States-China grain pact that became effective on January 1, 1981. Under this bilateral agreement, the Chinese made a commitment to buy a minimum of 6 million metric tons of U.S. grain annually. The United States is committed to sell the Chinese at least 9 million tons of grain. Any purchases over 9 million tons must be cleared with the U.S. Department of Agriculture (USDA) and will presumably depend upon the status of the U.S. market. Although estimates made by the USDA early in the year indicated that U.S. grain exports to China would approach, and might exceed, the 9-million ton level, 5/ the Chinese began

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1/ The United States exported 6.4 million metric tons of wheat (direct exports plus transshipments) to China in 1980, approximately 55 percent of the 11.7 million metric tons that China purchased. See 26th Quarterly Report . . . , p. 33.

2/ China's reported grain output in 1979 was 332 million metric tons. Rice accounts for roughly half the grain production in China, wheat is second in importance, and corn and other coarse grains follow. The Chinese also include potatoes and soybeans in their grain statistics.

3/ The Economist Intelligence Unit, Ltd., Quarterly Economic Review of China, Hong Kong, and North Korea, annual supplement 1981, p. 15.

4/ A recent Chinese news commentary noted that the reward system to encourage pig breeding had been abandoned in some farm communes, resulting in a decrease in production. The article supported the reintroduction of the award system and other measures that "have either already been taken or are now being adopted to solve the existing problems." (FBIS, Daily Report: China, Feb. 17, 1982, pp. K 4-5.)

5/ USDA, Foreign Agricultural Service, Foreign Agriculture Circular, No. SG-5-81, Jan. 28, 1981.

purchasing less as the size of their 1981 harvest became more apparent. Nonetheless, China was the leading market for U.S. wheat in 1981, 1/ accounting for 16 percent of the total value of these sales and 17 percent of the quantity exported. While the United States is China's leading grain supplier, China also has agreements to purchase wheat from Canada, Australia, and France; wheat, corn, and soybeans from Argentina; and corn from Thailand.

U.S. sales to China of other major agricultural commodities--notably cotton, soybeans, and soybean oil--also decreased in 1981. Exports of cotton (SITC Section 2) declined to $464.1 million, two-thirds their 1980 level. While China's large demand for cotton was probably further increased by the expansion of its textile industry, 2/ import requirements were reduced by record cotton crops in 1980 and 1981. China was the largest market for U.S. cotton in 1980, but ranked only third (after Korea and Japan) in 1981. China accounted for approximately 20 percent of the value and 18 percent of the quantity of U.S. cotton exports.

The decline in exports of soybeans (SITC Section 2) and soybean oil (SITC Section 4) was also mainly attributable to China's record level of farm production. The emphasis the Chinese have placed on production of oilseed crops has led to substantial growth in China's output over the past 5 years. The major expansion has taken place in rapeseed and peanut production, but gains have also been made in cottonseed, sesameseed, and sunflowerseed output. Soybeans are the only oilseed that China imports in significant amounts; nonetheless, as its production of other kinds of oilseeds continues to expand, U.S. soybean exports to China are likely to remain at a lower level than in 1980, and may decline further. 3/ U.S. soybean sales to China decreased from $155.2 million in 1980 to $129.7 million in 1981, or by 16.4 percent; sales of soybean oil declined by 70 percent, from $56.3 million in 1980 to $17.1 million in 1981, accounting for most of the overall decrease in exports in SITC Section 4. 4/

If China's emphasis on diversifying and increasing farm output has tended to reduce its demand for some U.S. commodities, the priority given light industries--especially textile manufacturing--has partially offset the export losses. China's purchases of U.S.-produced polyester fibers (SITC Section 2) increased 54 percent to $281.8 million in 1981. This followed a 222-percent increase, from only $56.8 million in 1979 to $182.9 million in 1980. Its imports of other manmade fibers--acrylic and nylon fibers, polyester and grouped filaments and strips, and synthetic yarns (SITC Section 6)--also

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1/ The Soviet Union ranked second in 1981; Japan was third.

2/ By late 1981, the U.S. textile industry was becoming increasingly concerned about the large quantity of Chinese-produced cotton fabrics entering the U.S. market. The United States has called for consultation with the Chinese on limiting their exports in two categories of cotton textiles.

3/ While the emphasis on expanding the production of oilseeds in China indicates that its soybean imports will probably decline, another factor that may also affect U.S. sales is China's role as an exporter. China's soybean imports and most of its annual output of soybeans and other oilseeds are apparently used for domestic consumption, but China also exports soybeans, primarily to Japan.

4/ Soybean oil was the 9th-ranking U.S. export to China in 1980, but no longer appears in table B-3, having fallen to 27th place in 1981.

increased substantially. U.S. exports to China of manmade fibers (including yarns) totaled $531.3 million in 1981, more than double the value of these sales in 1980 ($260.3 million). China became the largest market for U.S. manmade-fiber exports in 1980, and, after the further increase in demand, accounted for 30.4 percent of the value and 41 percent of the quantity of all U.S. exports of these products in 1981.

After making their first purchases of approximately 40 million dollars' worth of U.S. logs (SITC Section 2) in 1980, the Chinese more than doubled their imports, to $91.6 million, in 1981. 1/ China has a shortage of wood relative to its needs in building a modern industrial economy, and is only beginning to develop a forestry industry. 2/ Meanwhile, its increasing use of wood and wood-based manufactures offers U.S. producers a potentially significant export market. In the crude-materials category, the Chinese are buying whole logs, rather than the more expensive lumber, and are also importing wood pulp (table B-3). At the present time, China lacks the modern lumber mills for processing a large quantity of timber imports, but has now begun to upgrade and expand its mill facilities. The whole logs imported in 1980 and 1981 are apparently being used for priority transportation projects, such as bridge construction and ties in railroads.

Exports of chemicals (SITC Section 5) to China increased 5.1 percent in 1981, to $405.3 million, after more than tripling in 1980. Higher fertilizer sales accounted for the increase during 1980; they were paralleled by a decrease in China's purchases of fertilizers from Japan. Although U.S. sales of fertilizers in turn declined in 1981, the United States retained a substantial portion of the earlier gain made in this market. Diammonium phosphate fertilizer, amounting to $76.4 million, remained the leading chemicals export to China in 1981. Total fertilizer sales reached $131 million, or 85.8 percent of the level of such exports to China in 1980.

The rise in U.S. chemicals exports to China in 1981 resulted mainly from increased sales of resins. The leading item was the polypropylene resins, which tripled in value to $33.8 million. This type of resin is used in producing injection-molded items such as housewares and toys. It also has some fiber applications, such as in producing woven fabric bags for packaging fertilizers and other chemicals.

The increase in exports of manufactured goods classified by chief material (SITC Section 6) was principally the result of China's larger demand for U.S. yarns and fabrics. Sales of yarns to China amounted to $202.4 million, up from $62 million in 1980. Fabrics exports also increased, from about $65 million in 1980 to $77.9 million in 1981. Total U.S. sales of inputs for China's textile industry (fabrics and yarns plus other manmade fibers classified within SITC Section 2) reached $609.3 million in 1981.

1/ The leading item was Douglas-fir logs ($64 million). Other wood items not large enough to be included in table B-3 were Western hemlock logs ($17.6 million) and spruce logs ($5.3 million).

2/ Only about 13 percent of China's total land area is currently forest land, compared with the 33 percent in the United States. China will probably not realize significant gains from its forestation program for at least 50 years (The China Business Review, July-August 1981, p. 43).

The other principal item within SITC Section 6 was unbleached kraft linerboard. U.S. sales surged from $2.5 million in 1979 to nearly $80 million in 1980. However, exports decreased to $36.8 million in 1981, less than half their 1980 level. China has been investing in plants and equipment to expand its output of kraft linerboard and related products.

Machinery and transport equipment (SITC Section 7) was the category most directly affected by China's economic readjustments in 1981. With the cancellation of major capital construction projects and the cutback in heavy industrial production, such exports fell by 40 percent from their 1980 level, to below the level they had reached in 1979. Only one item in this category--parts for oil- and gas-processing equipment--appears among the 20 leading U.S. exports in 1981 (table B-3). Most other sales within this category also consisted of parts for machinery and equipment, a further indication of China's cutback in expenditures on new equipment for its heavy-industry sector. Since U.S. controls on the sale to China of the more technologically advanced dual-use equipment were not eased until yearend, exports of computers (classified within SITC Section 7) and measuring and process-control instruments (SITC Section 8) were almost negligible in 1981. Pending license applications to sell the Chinese a wide range of computers and scientific instruments may now be issued in 1982.

U.S. Imports

Imports from China increased from $1 billion in 1980 to $1.8 billion in 1981. Higher U.S. purchases were reported in a wide range of commodities, resulting in a rise in every import category but one (SITC Section 4). Nonetheless, increases in only two products--peanuts (SITC Section 2) and gasoline (SITC Section 3)--accounted for 42 percent of the rise in the overall value of U.S. imports from China. A group of products--textile apparel and accessories (SITC Section 8)--accounted for another 15.5 percent of the increase.

Imports of shelled peanuts from China rose dramatically from $27,378 in 1980 to $151.6 million in 1981. This resulted from a temporary increase in the U.S. quota that normally allows the importation of 1.7 million pounds. [1] After drought in the United States during the 1980 growing season had reduced the domestic peanut harvest by 42 percent, the quota on peanuts was raised by President Carter in December 1980, pending the results of an investigation by the International Trade Commission. The expanded quota permitted an additional 200 million pounds of peanuts to be imported through June 30, 1981.

Following receipt of the Commission's report, [2] President Reagan increased the supplemental quota to 300 million pounds for the 1980/81 quota year ending July 31. China supplied 155.2 million pounds, or about

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[1] The price of U.S.-produced peanuts is supported by a Department of Agriculture program. Peanut imports are therefore subject to an import quota under sec. 22 of the Agricultural Adjustment Act. Sec. 22 provides for the imposition of special tariffs or quotas on imports of items that have been found to render or tend to render ineffective, or materially interfere with, price-support programs of the Department of Agriculture.

[2] Peanuts: Report to the President on Investigation No. 22-42 . . ., USITC Publication 1124, January 1981.

52 percent, of the peanuts that entered the United States under the temporarily increased quota; the value of these imports was $148.6 million. The remaining imports of shelled peanuts from China in 1981 entered during the new quota year beginning August 1. Since a normal peanut crop was harvested in the United States in 1981, the quantity of peanuts that may be imported during the quota year August 1, 1981-July 31, 1982, was restricted to the regular 1.7-million pound level.

Imports of peanuts under the temporary supplemental quota accounted for half the $299.3 million in crude-materials imports from China in 1981. Other leading items in this category included natural barium sulfate ($27.4 million), crude feathers ($21.7 million), and tungsten ore ($20.7 million). Barium sulfate is used as a weighting agent in drilling mud, which is now used extensively in drilling oil wells. Imports of this item from China have increased sharply since 1979, reflecting not only a larger demand but also a partial shift in the source of supply. Most U.S. imports previously came from Mexico, where more is now needed for domestic use.

Gasoline was the leading import from China in 1981, amounting to $258.7 million, representing an increase of 216 percent over the value of U.S. purchases in 1980. By comparison, the value of these imports was only $21.6 million in 1979, the first year that the United States bought gasoline from China. Imports from China of petroleum-derived naphthas also continued to increase, from only $3 million in 1979 to $31 million in 1980 and $36.7 million in 1981. On the other hand, U.S. imports of crude petroleum from China have declined. After amounting to $72 million in 1979, no crude oil was imported from China in 1981.

The change in the composition of U.S. oil imports from China resulted from China's efforts to channel most of its petroleum output into domestic uses and to restrict its limited exports to the petroleum products that will maximize foreign-exchange earnings. Domestic consumption of oil has been increasing since the Chinese began to modernize their economy, but the growth of oil output has declined. Production reportedly grew 11 percent in 1978 but only 2 percent in 1979 and 1 percent in 1980. 1/ While China is beginning to develop its offshore oil reserves with the participation of Western companies, offshore oil is not expected to be available on a commercial basis until after the mid-1980's.

Imports of chemicals (SITC Section 5) from China increased by 23.4 percent in 1981, after nearly doubling in 1980. With imports totaling $24.3 million, fireworks were the leading item (table B-4). China accounted for 71 percent of total U.S. imports of fireworks in 1981, and in recent years imports from China have accounted for roughly 60 percent to 70 percent of total U.S. consumption. U.S. purchases of ammonium molybdate, the second leading chemicals import from China, declined from $22.5 million in 1980 to $15.4 million in 1981. Nevertheless, China has captured most of the U.S. market for these imports: its share of the total value of U.S. imports was 96.6 percent in 1980 and over 99 percent in 1981. Ammonium molybdate is used principally to produce molybdenum metal powder. The metal is used an an alloying agent to strengthen and increase the corrosive resistance of steel, cast iron, and nonferrous metals.

1/ The Economist Intelligence Unit, Ltd., Quarterly Economic Review of China, Hong Kong, and North Korea, annual supplement 1981, p. 16.

Manufactured goods classified by chief material (SITC Section 6) increased 60 percent to $370.6 million in 1981. The second largest major category of imports from China, it consisted mainly of two groups of products: certain textile manufactures (floor coverings, other household goods, and fabrics) and metals. Most of the increase in imports occurred in textiles.

Imports of hand-knotted wool carpets from China have increased from only $5 million in 1979 to $36 million in 1980 and $47.2 million in 1981. Probably the most important factor in the growth of these imports was the extension of MFN tariff treatment to products from China in February 1980. This reduced the applicable tariff on carpets from China from 45 percent ad valorem (the col. 2 or discriminatory rate of duty) to 8 percent ad valorem. The United States further reduced the column 1 rate of duty on this item from 8 percent ad valorem to 5.1 percent ad valorem effective January 1, 1981. 1/ China accounted for 29 percent of the U.S. imports of hand-knotted wool carpets in 1981.

U.S. purchases of cotton fabrics from China increased significantly in 1981. The leading items were white cotton shirting, imports of which increased by 39 percent to $29.7 million, and other fabrics largely made of cotton, 2/ imports of which increased from $3.3 million to $15.1 million in 1981 (table B-4).

Since the reopening of trade with China, the United States has bought a relatively small share of its imports of tin from China. Tin imports increased from $13.9 million in 1980 to $22.3 million in 1981, but still accounted for only 3.4 percent of the value and 1.4 percent of quantity of U.S. imports. The United States has also recently become interested in China's reportedly rich supply of strategic and rare metals, 3/ and the Chinese are interested in developing this market to increase their dollar earnings. 4/ To date, the leading import of this type is titanium sponge, which as a finished metal is critical to the manufacture of jet aircraft engines. Imports from China in 1981 were $9.8 million, accounting for 6.7 percent of the quantity of U.S. imports.

Imports from China of miscellaneous manufactured articles (SITC Section 8) were $595.9 million in 1981, representing an increase of 57 percent over their level in 1980. Textile apparel and accessories (gloves, handkerchiefs, and scarves) accounted for 57 percent of the value of these imports, approximately the same share as in 1980. Imports of apparel from China have, however, increased rapidly--from only $55.4 million in 1978 to $219.3 million in 1980 and $342.2 million in 1981. The major items are now subject to specific import ceilings under the United States-China textile agreement that became effective in September 1980. Despite the growth of

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1/ This was the last of the staged reductions of the rate for this item (TSUS item 360.15) as a result of the Multilateral Trade Negotiations.

2/ Tariff Schedules of the United States Annotated (TSUSA) item 326.3092 consists of unbleached cotton-blend fabrics, such as unbleached muslin.

3/ The China Business Review, September-October 1981, pp. 55-73.

4/ Journal of Commerce, July 13, 1981, p. 23B; Business Week, Sept. 7, 1981, pp. 46-48; Journal of Commerce, Oct. 30, 1981, p. 21C.

unrestricted items of apparel in 1981, only one more item (woolen sweaters) was added to the list of those subject to a quantitative restraint. [1]

China's other leading exports to the United States in this category in 1981 were bamboo baskets ($17.9 million) and antiques ($14 million).

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[1] See section on "U.S. Administrative Actions Affecting Imports From China," above.

U.S.S.R.

In 1981, for the second year, U.S.-U.S.S.R. economic relations suffered from the U.S. sanctions imposed in retaliation for the Soviet invasion of Afghanistan, though trade was affected to a lesser degree than in 1980. In April, President Reagan revoked the sanctions relating to agricultural exports to the Soviet Union, triggering a partial recovery of U.S.-U.S.S.R. trade over its low 1980 level. Commercial relations also began to thaw until, on December 29, 1981, the President imposed a new round of economic sanctions in response to the Soviet role in the repression of Poland.

Trade between the United States and the Soviet Union increased by 39 percent, from $1.9 billion in 1980 to $2.7 billion in 1981 (table 13). In the pre-embargo year of 1979, this trade amounted to a record $4.5 billion. The U.S. trade surplus with the U.S.S.R. also expanded by 84 percent from 1980 to reach $2 billion in 1981. The favorable balance resulted from a 55-percent increase in U.S. exports to the Soviets in 1981, in combination with a 17-percent decline in U.S. imports from that source.

During the year, the United States exported to the Soviet Union 6.6 times as much by value as it imported. Exports amounted to $2.3 billion. Imports, which already dropped in 1980 to half their 1979 value, fell again to $357 million. Through the years, Soviet trade representatives have repeatedly asked the U.S. Government to strive for a better balance in bilateral trade. However, redressing the imbalance would involve finding Soviet-manufactured goods suitable for the U.S. market—a task of considerable diffculty.

Before 1980, the Soviet Union consistently had been the leading NME trading partner of the United States. In 1980, China displaced the Soviet Union to second position in terms of the value of bilateral trade with the United States. In 1981, the Soviet Union retained second position in terms of overall trade, ranking as the second largest NME market for exports, but only fourth as a NME source of U.S. imports.

Since trade between the two countries resumed in the early seventies, the U.S. share in Soviet trade has remained relatively small. According to official Soviet data, this share was 1.4 percent in January-September 1980 and in the corresponding period of 1981. This was a sharp decline from the 3.4-percent U.S. share in January-September 1979. 1/ Although Soviet trade with the United States rebounded in 1981, it did not increase faster than Soviet trade with all countries combined, leaving the U.S. share in the total unchanged. It is notable, however, that the percentage of Soviet foreign trade accounted for by all advanced industrial countries as a group declined somewhat in January-September 1981 from the percentage in the corresponding period of 1980, as Soviet trade expanded at a faster rate with other Communist countries and, especially, with LDC's. 2/

1/ Statistical supplement of Foreign Trade, U.S.S.R. (a monthly magazine published by the U.S.S.R. Ministry of Foreign Trade), December 1981.

2/ Ibid.

Table 13.--U.S. trade with the U.S.S.R., by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	2,283,330	971,734	1,600,140
1	Beverages and tobacco	2,445	2,773	400
2	Crude materials--inedible, except fuel	564,166	56,187	59,350
3	Mineral fuels, lubricants, etc	23,436	26,464	62,840
4	Oils and fats--animal and vegetable	73,395	28,148	56,089
5	Chemicals	134,421	31,252	180,223
6	Manufactured goods classified by chief material	48,438	24,884	31,993
7	Machinery and transport equipment	363,112	268,857	300,570
8	Miscellaneous manufactured articles	109,814	98,506	46,240
9	Commodities and transactions not elsewhere classified	1,076	922	722
	Total	3,603,632	1,509,728	2,338,567
		U.S. imports		
0	Food and live animals	1,043	1,754	2,675
1	Beverages and tobacco	7,432	5,575	8,423
2	Crude materials--inedible, except fuel	33,151	15,429	17,820
3	Mineral fuels, lubricants, etc	16,113	11,232	106,795
4	Oils and fats--animal and vegetable	7	2/	19
5	Chemicals	67,636	148,038	93,509
6	Manufactured goods classified by chief material	161,086	125,778	99,907
7	Machinery and transport equipment	4,409	3,187	2,366
8	Miscellaneous manufactured articles	32,119	29,468	2,739
9	Commodities and transactions not elsewhere classified	549,600	89,626	22,709
	Total	872,595	430,387	356,961

1/ Standard International Trade Classification.

2/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Economic Relations With the United States

Throughout 1981, the new administration conducted an intensive review of East-West trade policy with special regard to the Soviet Union. The objective was to formulate a policy which would be "consistent with broad U.S. political and strategic objectives." 1/ The policy, elements of which emerged as the year progressed, favored stronger controls on exports of technologies and products of strategic sensitivity to the Soviet Union (and possibly to other NME's except China), but allowed exports of items that would not enhance Soviet military capabilities.

The kinds of specific U.S. controls that should be applied to high-technology and other strategic goods exported to NME's--especially the Soviet Union--was one major issue in the East-West trade policy review. During the year, the Reagan administration called for more stringent unilateral controls on exports to the Soviet Union of those products that incorporate unique U.S. technology, and for multilateral coordination of other exports that would lead to the transfer of advanced technology. 2/ In July 1981, at the economic summit conference of seven industrial democracies in Ottawa, President Reagan called for further restrictions on trade with the Soviet Union. The other leaders attending the summit agreed on the need for consultations and, where appropriate, coordination of their East-West trade policies with the United States. Specifically, they agreed to hold a high-level meeting of the Coordinating Committee for Multilateral Export Controls 3/ and to discuss ways of improving multilateral controls on exports of strategically important items to NME's. 4/

Meanwhile, President Reagan took action in another area during 1981 that favored the expansion of U.S.-Soviet trade. As he promised in his presidential campaign, he lifted the embargo on agricultural exports to the Soviet Union. As a result, commercial relations concerning grain trade were

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1/ Statement by Mr. Myer Rashish, U.S. Department of State, Undersecretary for Economic Affairs, before the House Ways and Means Committee, Subcommittee on Trade, on Oct. 29, 1981.

2/ Testifying before the Senate Foreign Relations Subcommittee in September 1981, Undersecretary of Defense Fred Ikle, Undersecretary of State Mayer Rashish, and Assistant Secretary of Commerce Lawrence Brady each deplored past U.S.--and indirectly Western--liberal trade policies towards the Soviet Union. Mr. Brady stated that this policy was more beneficial to the Soviet Union than to the West, allowing the former "to redirect resources from the civilian to the military sector."

3/ COCOM is a multilateral organization through which the United States and its allies attempt to coordinate controls over the exports of strategic materials and technology to Communist countries. Membership in COCOM consists of the members of the North Atlantic Treaty organization (except Iceland) and Japan.

4/ The first COCOM meeting following the Ottawa conference was held on Jan. 21-22, 1982. That meeting left numerous unresolved differences between the U.S. position--advocating tight controls--and the position of other COCOM members who were more interested in continuing trade with the Soviet Union.

restored between the two countries. In August, U.S. and Soviet delegations agreed to extend for another year the 5-year U.S.-U.S.S.R. grain supply agreement, which was to expire on September 30. The delegations also announced that the possibility of concluding a new long-term agreement would be explored. (However, the sanctions subsequently imposed by President Reagan against the Soviet Union included the postponement of such negotiations for an undetermined time.) Moreover, U.S. officials offered the Soviets the opportunity to purchase grains over and above the volume stipulated in the extended grain supply agreement. 1/

In contrast, the two Governments failed to agree on a new U.S.-U.S.S.R. maritime accord to replace the one that expired on the last day of 1981. In the fall of 1981, U.S. and Soviet officials met to negotiate a new maritime agreement, but according to a statement of the negotiating teams issued in December, "little progress was made." President Reagan suspended further talks planned for early 1982 as one of the sanctions he ordered against the Soviet Union following the imposition of martial law in Poland.

The now-defunct 1975 accord stipulated, among other things, that cargo moving between the two countries should be shared by the flag vessels of the United States, the U.S.S.R., and third countries--each being entitled to handle one-third of the total traffic. However, the participation of U.S. carriers in this trade was low, because they did not find the trade profitable at the negotiated rate. Another important provision of the expired agreement was for access by vessels of each party to ports 2/ of the other parties on 4 days' notice.

The absence of a maritime accord this year restricts access of Soviet vessels to U.S. ports. The United States is requiring Soviet vessels to obtain clearance to use U.S. ports with advance notice of at least 14 days. Also, this clearance is being granted on a case-by-case basis, rather than automatically, as before. It is expected that Soviet ships sailing between the United States and third countries will be hit hardest by this change in procedure.

Nonagricultural commercial relations continued to suffer throughout 1981 from the new administration's declared intention to tighten controls of technology transfer to the Soviet Union. High-technology items account for the major part of nonagricultural exports to the U.S.S.R. U.S. exporters reportedly relaxed their marketing efforts for the second consecutive year and were generally reluctant to enter into binding contracts as they waited for the new administration to formulate its policy.

During the year, the Reagan administration made efforts to develop consistent export control guidelines and to accelerate licensing procedures while reviewing export license applications on a case-by-case basis. Notable approvals of applications included sales of pipelaying equipment worth some $40 million by the Caterpillar Tractor Co. 3/

1/ For a description of the grain supply agreement and of the U.S.-U.S.S.R. consultations on grains, see "U.S. grain and related exports," below.

2/ A total of 40 ports were designated.

3/ See more on this subject in section on "U.S. Exports."

On December 29, President Reagan announced seven economic sanctions against the Soviet Union, which he said "bears a heavy and direct responsibility for the repression in Poland." 1/ Two of the seven sanctions imposed had the effect of tightening technology transfer to the Soviets. The first measure suspended the issuance or renewal of licenses for exports to the U.S.S.R. of electronic equipment, computers, and other high-technology products. The second expanded the list of oil and gas equipment and technology for which licenses for exports to the U.S.S.R. are required, and suspended the issuance of such licenses.

In 1981, Soviet foreign trade officials professed continued interest in a renewed buildup of trade with the United States. Soviet Deputy Minister of Foreign Trade V. Sushkov noted that "even within the bounds of current U.S. ex ort controls there is room for substantial U.S.-Soviet trade in chemicals, food, agriculture and many other sectors." 2/ In an interview with the Journal of Commerce, Yuri A. Kislenko, president of the Soviet trade organization AMTORG, which maintains an office in New York City, proposed 10 steps to spur bilateral trade. These included some type of government-to-government guarantees that contracts would be honored, and U.S. compliance with the longstanding Soviet request to receive most-favored-nation tariff status for their exports to the United States. 3/

In addition to the postponement of negotiating new long-term grain and maritime agreements with the Soviets, and two provisions ordering more stringent export controls, the yearend sanctions ordered by the President included the closing of the Soviet Purchasing Commission in New York City--an office which reportedly places some one-third of orders for nonagricultural exports to the Soviet Union; 4/ the suspension of flights of Aeroflot (the Soviet airline) to the United States; and the nonrenewal of U.S.-Soviet exchange agreements in the areas of energy, space, science, and technology.

Economic Relations With Advanced Industrial Countries

Soviet intentions to expand economic relations with advanced industrial countries were reiterated in the current 5-year plan (FYP) (1981-85). Meanwhile, Soviet officials noted in 1981 that "in recent years . . . normal business cooperation with these countries has seen some setback, mainly due to U.S. policy." The Soviets criticized especially the United Kingdom and Japan for their support of the trade sanctions President Carter imposed against the Soviet Union in 1980. 5/

1/ Presidential Statement issued on Dec. 29, 1981 (published in Business America, Jan. 11, 1982, inside cover page).

2/ Business Eastern Europe, "U.S. Firms Reviewing Strategies for U.S.S.R.," July 17, 1981, p. 1.

3/ The Journal of Commerce, Oct. 14, 1981, p. 1A.

4/ This Commission is not incorporated under U.S. law, but it is an arm of the Soviet Ministry of Foreign Trade.

5/ Nikolai Orlov, Director, Market Research Institute of U.S.S.R., "Problems of Foreign Trade Development in the Light of Decisions of the 26th CPSU Congress," Foreign Trade, U.S.S.R. (a monthly magazine published by the U.S.S.R. Ministry of Foreign Trade), Sept. 10, 1981, p. 12.

The Soviets attribute great importance to those long-term bilateral trade agreements they concluded in the 1970's with Western countries: Austria and France, effective through 1990; Finland, effective through 1995; and the Federal Republic of Germany, effective through 2003. 1/ Most of these accords cover cooperation programs in production research and development. Following the U.S. agricultural embargo of January 1980, the Soviet Union also concluded medium-term agricultural trade agreements with major grain-exporting countries. One, with Brazil, was signed in 1981. 2/ West Germany, France, Japan, and Finland are the principal Soviet trading partners among advanced market economies.

In the opinion of Western observers, the Soviets see the controversial Siberian-European gas pipeline project as a landmark in East-West economic cooperation. The pipeline is planned to be some 3,500 miles long and connect West Siberian natural gas fields with European receiving points. It will be constructed and financed principally by advanced industrial countries outside the Communist bloc. After completion, the Soviet Union will deliver natural gas to seven or eight countries in Western Europe (and to others in Eastern Europe), repaying creditors from the proceeds of gas deliveries.

In 1981, the project came significantly closer to becoming a reality. However, intermittent deadlocks in negotiations and, more recently, the Soviet role in Poland's repression have raised some doubts about its prospects.

The Europeans proceeded with negotiating contracts for the pipeline construction and for gas even after President Reagan warned, in July 1981, about the dangers of dependency on Soviet energy. After protracted negotiations, Ruhrgas—a West German utility company--signed an agreement with Soviet officials in November 1981 to purchase about 45 billion dollars' worth of natural gas over a span of 25 years. This accord is considered the biggest breakthrough thus far towards realizing this ambitious East-West cooperative venture. West Germany will be the major customer for Soviet gas. Agreements similar to that with West Germany are expected to be signed shortly between the Soviets and companies in other Western European countries. 3/

During the year, the Soviets also concluded agreements with Dutch and West German banks on financing the project, and signed contracts and subcontracts with Western firms for purchasing equipment and technology. Other financing and purchasing negotiations are in progress. The West German-French consortium led by Mannesmann Anlagebau and Creusot-Loire and an Italian group led by Nuovo Pignone hold the major contracts for supplying equipment for the project, valued in the billions of dollars.

1/ Ibid., p. 12.

2/ See also "U.S. agricultural and related exports," below.

3/ According to press reports, Gaz de France, a French utility company, also signed a 25-year gas-purchase agreement with Soviet officials in January 1982. This marked the first large East-West accord since the imposition of martial law in Poland.

The project, which is scheduled to be operational in 1984, is generally considered to be critical for sustaining Soviet hard-currency trade at or near current levels. Crude oil--currently the principal hard-currency earner--is expected to ultimately be replaced by natural gas as the single largest source of Soviet hard currency. Deliveries of gas through the completed pipeline will have, therefore, a crucial role in paying for Soviet imports from non-Communist countries of food, feed, and technology, on which the Soviet Union has become increasingly dependent.

In 1981, an apparent decline in Soviet crude oil exports, coupled with the stabilization of oil prices (and their decline on spot markets), contributed to a deterioration in the Soviet hard-currency trade balance. The decline in oil revenues was compounded by an unprecedented surge in Soviet expenditures for Western food and feed during the year. The Wharton Econometric Forecasting Service estimated that the Soviet hard-currency trade deficit would be some $13.8 billion by the end of 1981, well exceeding the record hard-currency deficits the Soviet Union had in the mid-1970's.

Soviet data show an 8-percent growth in their exports to "industrial capitalist countries," and a 20-percent growth in their imports from them between January-September 1980 and the corresponding period of 1981. The marked slowdown in the expansion of Soviet exports to the West during the year led to a decline in the share of advanced countries in Soviet trade, as was mentioned earlier.

The need to extend economic assistance to Poland exacerbated the Soviet hard-currency shortage. The Soviets finance their hard-currency trade deficits largely with sales of gold, 1/ armaments, shipping services, and, more recently, by borrowing from the West. In 1981, Soviet gold sales were reported at their highest levels since 1978, 2/ and the Soviet hard-currency debt increased as well. The large amount of credit the Soviets obtained from Western banks during the year contrasts sharply with the well known previous Soviet policy of moderate borrowing.

Most of the Soviet hard-currency debt--$9.6 billion net debt 3/ at the end of 1980 4/--was accumulated during the mid-1970's, when the Soviets were compelled to borrow heavily to finance their record trade deficits with the West. The Soviet Union repaid some of these loans thereafter, they rescheduled others, and they accumulated record deposits with Western banks. In 1981, however, the Soviets were reported to be borrowing again, and to be holding back on repayment of their debt. They were also withdrawing substantial amounts from Western banks, which added materially to their net hard-currency debt.

In the current FYP, Soviet trade with advanced industrial countries is intended to expand at a slower rate than trade with other NME's and with LDC's. 5/ This planned reversal of the last several years' trend reflects the

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1/ In Soviet statistics, gold bullion is not included in merchandise trade.

2/ Soviet gold sales are also discussed below in section on "U.S. Imports."

3/ Gross debt equals liabilities to governments, commercial banks, and other lenders. Net debt equals gross debt less financial assets, which consist of deposits placed with Western banks.

4/ As estimated by the Central Intelligence Agency.

5/ Business Eastern Europe, Dec. 4, 1981, p. 1.

declining availability of Soviet petroleum for export. 1/ Meanwhile, the plan retains an explicit invitation for Western participation in modernizing Soviet production, especially in the areas of chemicals, energy, and steel.

Economic Developments

The 1981 Soviet hard-currency shortage resulted in major part from deteriorating performances in two major areas of the Soviet economy: petroleum and, especially, agricultural production. Worsening conditions of petroleum extraction in the Soviet Union apparently reduced the availability of petroleum for export. On the Soviet import side, a third consecutive crop failure boosted Soviet expenditures for foreign farm products to unprecedented levels. Much of Soviet food and feedstuff imports must be purchased for hard currency.

In 1981, Soviet crude oil production amounted to 609 million tons, only 1 percent above 1980 levels. 2/ The leveling off of Soviet petroleum output had been predicted by Western analysts for years; the small increase reflected, among other things, the depletion of resources in certain oilfields and inadequate technology applied under more difficult conditions of extraction. 3/ In November 1981, 630 million tons were specified as the final 1985 petroleum output target in the 11th FYP, indicating that modest growth in output is projected throughout the plan period.

In 1981, the Soviet Union had the worst grain harvest in the last 6 years, 4/ which led to the need for massive grain imports. According to some estimates, Soviet food imports--including grains, meat, and sugar--may have reached $10 billion in 1981. 5/

At a plenary session of the Communist Party Central Committee on November 16, 1981, Soviet leader Leonid Brezhnev admitted a breakdown in food supply, especially in meats and dairy products. Referring to the 11th FYP (1981-85), he stated that "the food problem is, economically and politically, the central problem." 6/ He described the plan as "difficult and demanding" and said that it will call for "double and treble our efforts to carry out." 7/ On November 17, 1981, Nikolai Baibakov, chairman of the Soviet State

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1/ The New York Times, Dec. 6, 1981, p. 17.

2/ Foreign Broadcast Information Service (FBIS), Jan. 25, 1982, p. S 1.

3/ According to most recent CIA estimates, Soviet petroleum output will decline in the 1980's, although not as precipitously as the CIA predicted earlier. Other U.S. sources (including the U.S. Defense Intelligence Agency) and foreign sources (including the U.S.S.R. itself) project slightly increasing Soviet petroleum production.

4/ The Soviet grain crop is discussed in "Exports of agricultural and related items" later in this section.

5/ Business Eastern Europe, Dec. 4, 1981, p. 389.

6/ The Journal of Commerce, Nov. 17, 1981, p. 11A.

7/ The Washington Post, Nov. 17, 1981, p. A 28.

Planning Committee, also conceded serious shortfalls in the Soviet economy, announcing that 1981 production goals for agriculture, construction, coal, and steel output would not be met. 1/ However, he asserted that the final goals of the 11th FYP would be fulfilled, despite certain difficulties that had been encountered in its first year. 2/

Experience with past FYP's has shown, however, that the Soviets frequently set unattainable goals. The targeted level of grain production is a good example. It is slated in the current FYP to attain an annual average of 239 million tons. As the Russian Research Center of Harvard University points out, the Soviets must produce a yearly average of 255 million tons of grains in the remaining 4 years of the FYP to fulfill this highly ambitious target. 3/ The USDA estimated Soviet grain production in 1981 at 175 million tons or less. According to this estimate, output in 1979-81 averaged 181 million tons, remaining materially below target each year.

The tabulation below shows selected major targets for the 11th FYP and the stipulated percentage increases over actual production in 1980: 4/

Item	1980 actual output	1985 target	Percentage increase
Electricity----------billion kwh--	1,295	1,555	20
Petroleum-----------million tons--	603	630	4
Natural gas-----------billion m---	435	640	47
Coal----------------million tons--	716	775	8
Rolled steel----------------do----	103	118	15
Mineral fertilizers---------do----	104	151	45
Grain-----------------------do----	1/ 205	2/ 239	17

1/ Average 1976-80.
2/ Average 1981-85.

The data show rapid growth planned for output of natural gas and mineral fertilizers. The 1981 target for natural gas was reportedly exceeded by one-half, and the target for fertilizers was met.

1/ Preliminary data released on Jan. 23, 1982, on the fulfillment of the 1981 plan show that national income rose 3.2 percent in 1981 compared with a planned 3.4 percent; industrial production rose 3.4 percent but was well below target; and agricultural production declined. Data on grain output, which was estimated by the USDA at 175 million tons, were not released by the Soviets. Soviet data show, however, a shortfall for most other major crops, such as sugar beets, oilseeds, and vegetables.

2/ The 11th FYP was discussed in the 25th Quarterly Report . . ., p. 52, on the basis of target ranges the Soviets made public in a draft plan in March 1981. The recently announced final form of 11th FYP does not differ significantly from the draft plan; it mostly specifies targets within the ranges announced earlier.

3/ RRC Newsletter, Dec. 4, p. 2.

4/ Ibid., and Business Eastern Europe, Dec. 4, 1981, p. 389.

The most notable feature in the official FYP is a $42-billion reduction in funds that were originally allocated as capital construction in the draft plan. Capital investment is slated to grow at a modest 10.4 percent (2 percent annually), compared with 24 percent (4.4 percent annually) in the 10th FYP. 1/ Chairman Brezhnev pointed out in November that fewer major industrial projects will be undertaken than planned originally, the emphasis being on modernizing existing facilities.

Analysts attribute a variety of reasons to the cutback, which include poor Soviet industrial performance in some areas, the large hard-currency expenditures generated by the harvest failure that will preclude some high-technology imports, the commitment of the Soviets to aid Poland, and a presumed shift of resources from projects for the civilian economy into increased defense spending.

In November, Soviet leaders reiterated their earlier promise that the FYP will result in better and more consumer goods. However, according to a CIA-commissioned report of August 1981, living standards in the Soviet Union are likely to improve much more slowly than in the past. In the words of the report: "Progress in raising living standards is likely to slow to a crawl and the consumer sector will remain fourth-class when compared with Western economies." 2/

The same report recalls that 20 years ago, the Soviet Communist Party promised to provide the people with the highest living standard in the world by 1980. Showing comparative consumption statistics, the report points out that "events have turned out quite differently." 3/ Describing the everyday struggle of Soviet citizens with shoddy goods and services, queues and shortages, black markets and corruption, it concludes that "the Soviet Union is the world's most underdeveloped developed country." 4/

U.S. Exports

U.S. exports to the Soviet Union rebounded in 1981 to $2.3 billion from $1.5 billion in 1980 (table 13). Items the Soviets needed for their feed-livestock complex were under full and/or partial U.S. embargo through most of 1980, but the restrictions were in effect only during January-April 1981. Table 14 compares exports in 1981 with exports in the embargo year of 1980 and in preembargo years. The data show that the revocation of the restrictions has not fully restored grain exports to the U.S.S.R., and that soybean exports hardly resumed at all. Meanwhile, the value of phosphate sales rose above preembargo levels. High-technology exports, for which President Carter's sanctions have remained in place, continued to decline, even before such exports came under a new round of restrictions at the end of 1981.

1/ No information is available on the amount of the originally targeted capital funds and on what percentage thereof the $42-billion reduction represents.

2/ Consumption in the U.S.S.R.: An International Comparison, a study submitted to the Joint Economic Committee, 97th Cong., 1st Sess. (1981), p. VIII.

3/ Consumption in the U.S.S.R., p. V.

4/ Ibid., p. VIII.

In 1981, agricultural exports amounting to $1.7 billion constituted 71 percent of all U.S. exports to the U.S.S.R., compared with 69 percent in 1980 and 79 percent in 1979.

Exports of agricultural and related items

On April 24, 1981, President Reagan revoked the limitation on U.S. agricultural exports and exports of phosphatic fertilizers to the Soviet Union. The embargo had been imposed by President Carter in early 1980 in response to the Soviet invasion of Afghanistan. 1/ In announcing his decision, President Reagan recalled his earlier opposition to the curb on these sales "because American farmers had been unfairly singled out to bear the burden of this ineffective national policy." 2/ The President further stated that his decision followed careful consideration of national security, foreign policy, and agricultural needs.

The revocation covered all restrictions on exports relating to Soviet feed and livestock production—most notably the partial embargo on grain and the full embargo on U.S. sales of soybeans and phosphatic fertlizers. The terms of the 1975 U.S.-U.S.S.R. grain supply agreement 3/ required special authorization for Soviet grain purchases in excess of 8 million tons, and U.S. permission for such sales was subsequently granted in June. Sales of soybeans and phosphatic fertlizers to the U.S.S.R., however, had been permitted to resume immediately after it was announced in April that the embargo had been rescinded.

Grains.—The embargo limited sales to the Soviet Union in excess of 8 million tons of grains a year in the fourth and fifth years (October 1, 1979, through September 30, 1981) of the grain supply agreement. Under this accord, the United States was committed to sell at least this amount of grain in each agreement year.

In June 1981, the United States and the U.S.S.R. held their first consultations on grain trade following the lifting of the embargo. This meeting resulted in the United States authorizing the Soviets to purchase 6 million tons of U.S. grain for delivery before September 30, 1981. This amount was over and above the minimum sales commitment for the fifth (1980/81) agreement year of 8 million tons that the Soviets had already exhausted by April 1981. At the same meeting, the U.S. Government also authorized the Soviet Union to purchase up to 6 million tons of grain for delivery after September 30, 1981.

1/ For earlier discussions of Presient Carter's restrictions on exports to the Soviet Union and various implications of these restrictions, see the 22d, 23d, 24th, 25th, 27th and 28th reports in this series.

2/ Weekly Compilation of Presidential Documents, Apr. 27, 1981, p. 465.

3/ This agreement was signed with the objective of smoothing out the wide yearly fluctuations in Soviet grain purchases from the United States. Under its terms, the Soviets agreed to purchase at least 6 million tons, and the United States agreed to offer for sale at least 8 million tons of U.S. wheat and corn combined in each agreement year from Oct. 1, 1976, to Sept. 30, 1981.

The expiration date of the grain supply agreement (September 30, 1981) was close when the President lifted the grain embargo in April. U.S. grain interests were therefore anticipating a new long-term accord that would assure predictable and sizable sales to the Soviet Union for the coming years. Instead, on August 5, 1981, the United States and the Soviet Union agreed to extend the existing agreement for still another year. The one-year extension applied the same conditions as the initial agreement: the Soviets are required to buy at least 6 million tons of grains from October 1, 1981, through September 30, 1982, but may purchase an additional 2 million tons without consulting the U.S. Government. The United States is committed to make up to 8 million tons of grains available in this period for shipment to the Soviet Union, including those 6 million tons which already had been informally offered in June for delivery after September 1981.

In September 1981, the delegations of the United States and the Soviet Union met again for a regular consultation, as stipulated by the extended grain supply agreement. At the conclusion of this meeting, it was announced that the United States would make 15 million tons of grains available to the U.S.S.R. in the period ending September 30, 1982, in addition to the earlier U.S. commitment to sell 8 million tons under the extended agreement. 1/ The offer raised the volume of U.S. grains the Soviets could buy in the sixth agreement year to 23 million tons. This total was only 2 million short of the 25 million tons of U.S. grains allowed the Soviets during October-September 1979/80—the largest value of exports ever authorized under the grain supply agreement. 2/

While U.S.-U.S.S.R. relations in the grains area returned to near-normal, prospects for the Soviet grain harvest became worse as the year progressed. The USDA estimated the Soviet grain crop in 1981 at 175 million tons, 61 million short of target and their third consecutive harvest failure. 3/ The Soviets have not released data on the 1981 crop.

The USDA expects the Soviets to establish a new record for grain imports in order to offset their domestic production shortfall. Soviet grain imports of 42 million tons for July-June 1981/82 are projected. This would be 8 million tons more than the U.S.S.R. imported in 1980/81. USDA believes the total sales would include 22 million tons of coarse grains, 19 million tons of wheat, and 1 million tons of other grains. 4/

Expectations of record Soviet grain imports coincide with unusual pressures on U.S. farmers to export more. The strength of the dollar has weakened U.S. export opportunities at a time of bumper domestic wheat and coarse grain crops, abundant exportable supplies from other major grain producers, and weak market conditions in the United States and abroad.

1/ USDA, Foreign Agricultural Service, Foreign Agriculture Circular, FG-36-81, p. 3.

2/ Following their invasion of Afghanistan, the U.S.S.R. was not allowed to take advantage of this preembargo authorization. Because of the partial grain embargo, actual U.S. grain sales to the Soviets in 1979/80 did not exceed the original U.S. commitment of 8 million tons under the grain supply agreement.

3/ USDA, Foreign Agricultural Service, Foreign Agriculture Circular, FG-4-82, Feb. 11, 1982, p. 1.

4/ Ibid.

The Soviets reentered the U.S. grain market in July 1981, purchasing 1.6 million tons of grains under the June authorization of 6 million additional tons for delivery before September 30, 1981. This pushed Soviet grain purchases in the fifth agreement year of the grain supply accord to 9.6 million tons, compared with 8 million tons in the "embargo year" of 1979/80 and over 15 million tons in the preembargo year of 1978/79. The Soviets have taken a larger portion of the authorization for delivery after September 30, 1981--the sixth year of the extended agreement. They were authorized to purchase a total of 23 million tons during this year. Through the end of 1981 they purchased 10.9 million tons of this amount. 1/ Some analysts believe that the Soviets might be able to meet most of their needs in 1981/82 from non-U.S. sources--mostly Argentina, Canada, Western Europe, and Australia--especially if crops in the Southern Hemisphere are favorable. 2/

In calendar year 1981, U.S. grains delivered to the U.S.S.R. under the grain supply agreement and other provisions amounted to $1.6 billion, half corn and half wheat, by value (table 14). In contrast, corn amounted to some two-thirds of the total in 1980. In 1981, grain exports constituted 64 percent of all U.S. exports to the U.S.S.R., compared with 62 percent in both 1979 and 1980. Grains are classified in SITC Section 0 (food and live animals), which is therefore the dominant category of U.S. exports to the Soviet Union (table 13). Grains account for most exports in this SITC section, which also includes other items that were important in U.S. exports in 1981: sugar and hops (table B-5).

The new sanctions President Reagan announced at the end of the year do not directly affect grain sales to the Soviet Union. However, the postponement of negotiations on a second long-term grain agreement has resulted in new uncertainty over the future of grain sales to the U.S.S.R. and, according to spokesmen for farming interests, this has depressed prices. Farmers also believe that the current absence of a U.S.-Soviet maritime agreement, which limits access of Soviet vessels to U.S. ports, further clouds the prospects for grain trade with the U.S.S.R. 3/

Before the imposition of the grain embargo, the United States had been the primary grain supplier of the Soviet Union, accounting for three-fourths of total Soviet grain imports during July-June 1978/79. The U.S. share of the total in July-June 1980/81 was only 24 percent, reflecting the effect of the embargo.

Phosphates.--The embargo on phosphate sales ended in April 1981, and shipments resumed in July. The United States sold 540,557 short tons of phosphates to the Soviets, valued at $166 million, during the rest of the year. In 1979, the first and only preembargo year of phosphate sales to the Soviet Union, the volume of exports was about the same. Shipments in 1980 were negligible because of the embargo. With the resumption of phosphate sales in 1981, chemical sales (SITC Section 5) to the U.S.S.R. increased almost 5 times over the 1980 level (table 13).

1/ USDA, Foreign Agricultural Service, Foreign Agriculture Circular, FG-4-82. Feb. 18, 1982, p. 2.

2/ Business Week, Jan. 18, 1982, p. 26.

3/ Statement of Michael Hall of the National Corn Growers Association, reported in The Washington Post, Dec. 31, 1981, p. 1.

Phosphate exports to the U.S.S.R. are in the form of superphosphoric acid (SPA), of which the United States is the only major exporter. This is a highly concentrated liquid substance from which fertilizers are made. Exports are being made under the terms of a 20-year countertrade agreement, concluded between Occidental Petroleum Corp. of California and the Soviets in 1973. The accord stipulates that Occidental is to receive anhydrous ammonia, urea, and potash from the Soviet Union, 1/ and in exchange, the Soviets are to be provided with 1 million metric tons of SPA annually during 1980-97. Because of the 1980 embargo, Occidental has not been able to fulfill its trade commitments to the Soviet Union, but the U.S.S.R. has continued to sell ammonia to the United States.

Foreign phosphates are especially critical for Soviet agriculture, as agricultural soils in the Soviet Union are deficient in phosphorus. Phosphate fertilizers account for a comparatively small part of Soviet fertilizer production, which is dominated by nitrogen fertlizers. In their previous two 5-year plans and the current one, the Soviets have given priority to the development of their phosphate deposits and construction of phosphoric acid plants. The 45-percent growth they targeted for all fertilizer production in the current FYP for 1981-85 (see tabulation in section on "Economic Developments") is one of the plan's most ambitious objectives.

In spite of the plan, domestic supplies have apparently not grown fast enough to satisfy Soviet demand, since during the U.S. embargo, the Soviets were searching for alternative sources of phosphates. They reportedly found some supplies in Morocco and other countries, but not nearly enough to replace U.S. deliveries. Therefore, renewed trade in SPA with the United States is considered currently very much in the Soviet interest. 2/ By the same token, exports to the U.S.S.R., which is the leading market for SPA, are significant for the U.S. industry. In 1981, both U.S. exports and domestic sales of phosphatic acids and fertilizers declined below 1980 levels, and the U.S. industry was operating well below capacity.

The U.S. industry welcomed the export opportunities to the Soviet Union that were restored in April 1981, but the resumption of shipments was by no means problem free. During the embargo, the U.S. supplier converted some of its facilities to produce regular "merchant-grade" phosphoric acid, which could be more easily sold domestically and in international markets. After the embargo had been revoked, these facilities had to be reconverted to the production of SPA.

Soybeans and soybean products.--Although the embargo on soybeans and soybean products was lifted in April 1981, U.S. exports to the U.S.S.R. resumed only in the fourth quarter. 3/ Soybeans have not returned to the list

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1/ See "U.S. Imports," below.

2/ Chemical and Engineering News, May 4, 1981, p. 4.

3/ However, the USDA's Foreign Agricultural Service reports that the Soviets purchased 500,000 tons of soybeans in the third quarter for delivery after 1981.

of leading U.S. exports to the Soviet Union; in fact, 1981 shipments were even smaller than those in 1980. In 1979, the last year before the embargo, the United States sold 1.8 million tons of soybeans to the U.S.S.R., accounting for virtually all of their imports, and also exported soybean oil to them.

The 1980 embargo resulted in a substantial shift of trade patterns. The Soviets imported more than 1 million tons that year from Argentina and Brazil, their principal postembargo suppliers of soybeans, soybean products, and other agricultural items. The Soviet Union concluded long-term agricultural trade agreements with Argentina in 1980 and with Brazil in 1981.

The USDA's Foreign Agricultural Service estimated in October 1981 that Soviet soybean imports would amount to 1.3 million tons in 1981—two-thirds from Argentina and one-third from Brazil. 1/ They further projected substantial Soviet imports of soybean meal, mainly from Brazil and the Netherlands.

For 1982, the Foreign Agricultural Service projected that the Soviet market for soybeans and soybean products will remain strong. They believe that prospects for U.S. sales to this market will mostly depend on the weather and crops in the Southern Hemisphere and, of course, general developments in U.S.-U.S.S.R. relations. 2/

Other agricultural exports.--In 1981, other leading agricultural exports to the U.S.S.R. included sugar and hops (SITC Section 0) and tallow (SITC Section 4). Exports of hops increased by volume and, even more, by value (table B-5). In 1978/79, the U.S.S.R. was the leading market for U.S. hops; subsequently, Canada, Brazil and West Germany replaced the Soviets as major destinations of U.S. exports.

Other exports

Unlike agricultural items and phosphatic fertilizers, exports to the U.S.S.R. of advanced technology and items produced with such technology have remained throughout 1981 under the restrictions (validated licenses required) imposed by President Carter. 3/ A further tightening of strategic technology transfer to the Soviet Union had been foreshadowed in pronouncements of President Reagan and U.S. Government officials, even before such measures were actually imposed in December 1981. Many export license applications during the year have been refused. High-technology exports to the Soviet Union declined steadily from $234 million in 1979 to $92 million in 1981 (table 14).

1/ USDA, Foreign Agricultural Service, USSR Fats and Oils Annual Report, 1981 (attache report), Oct. 29, 1981.

2/ Ibid.

3/ In 1981, the U.S. Department of Commerce continued to maintain the so-called Commodity Control List (CCL) of items that require validated licenses for exports. Licensing requests for items on the CCL have remained subject to review on a case-by-case basis, with more stringent criteria for approval applied to the Soviet Union than to other NME's.

Table 14.--U.S. exports to the U.S.S.R. of principal commodities affected by 1980 U.S. trade sanctions, 1/ 1976-81

(In millions of dollars)

Commodity	1976	1977	1978	1979	1980	1981
Agricultural items:						
Corn	1,078.4	396.6	1,055.7	1,402.1	602.2	781.7
Wheat	250.0	426.8	355.8	811.7	336.1	772.6
Soybeans	124.7	154.3	199.8	489.3	45.3	8.4
Barley	-	-	-	31.0	-	-
Soybean oilcake and meal	-	1.6	.2	22.5	-	-
Tallow	-	-	18.7	57.6	2/ 28.1	48.5
Total	1,453.0	979.3	1,630.2	2,814.3	1,011.7	1,611.2
High-technology items:						
Oil- and gas-drilling equipment	118.3	83.7	74.6	123.0	42.4	40.3
Computers	17.4	5.9	18.0	22.6	.4	3.2
Other high-technology items	114.2	113.7	90.0	88.1	75.3	48.6
Total	249.8	203.3	182.7	233.7	118.1	92.1
Phosphates	-	3/	-	93.6	17.4	106.1
Total affected exports 4/	1,702.8	1,182.6	1,812.9	3,141.6	1,147.3	1,869.3
Total U.S. exports to the U.S.S.R	2,305.9	1,623.5	2,249.0	3,603.6	1,509.7	2,429.7

1/ Items of relatively minor export value--for example, those of potential strategic importance but not high technology--have not been included. On the other hand, exports in the high-technology category are overstated for the reasons discussed in the 22d Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During January-March 1980, USITC Publication 1081, June 1980, p. 43.

2/ Licensing of tallow for nonagricultural uses was allowed.

3/ Less than $50,000.

4/ Some grain was shipped under provisions of the grain supply agreement of 1975 and so was not subject to the embargo. The total affected exports are overstated by this amount.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Nonetheless, the case-by-case scrutiny of these applications has resulted in some notable approvals. In August 1981, the Department of Commerce issued an export license to the Caterpillar Tractor Co. for the sale of 100 pipelaying tractors, worth some $40 million, on the condition that the Soviets would not use them for building the Siberian-European pipeline. In November, Caterpillar was tentatively authorized to sell 200 more pipelayers, worth some $80 billion. However, the yearend suspension by President Reagan of all oil and gas equipment sales to the Soviet Union prevented the actual issuance of this license. 1/

In December, the Commerce Department approved a license for the International Harvester Co. to sell the Soviets some 300 million dollars' worth of technical data and plant specifications over the next 5 years. These would be used to build a factory that will produce combines and other harvesting equipment. This authorization came shortly following International Harvester's announcement of heavy losses in FY 1981. Malcolm Baldridge, Secretary of Commerce, explained that this act is consistent with the U.S. Government's East-West trade policy, which "does not consider the manufacture of combines one of the Soviet's defense priority industries." 2/

At the end of the year, President Reagan expanded the list of energy-related equipment and technology under export controls, in addition to suspending the licensing of all energy-related sales and other transactions that would result in high-technology transfer. Spokesmen for U.S. oilfield and gasfield equipment producers reportedly agree that sales to the Soviet Union are minor in proportion to their overall sales. 3/ By the same token, no more than 3 percent of Soviet high-technology imports originate in the United States, as the U.S.S.R. relies heavily on Western Europe and Japan for its needs. 4/ The impact of the new high-technology restrictions will therefore be felt mostly in a few specific areas where U.S. technology is difficult to replace. 5/

The major part of U.S. exports in the machinery and transportation category (SITC Section 7) has been of items to which strategic export restrictions are not applicable. Yet, sales in this second largest category of U.S. exports to the U.S.S.R. amounted to only $301 million in 1981; they rose only 12 percent in value from that in 1980, which indicates a decline in real (volume) terms (table 13). Tracklaying tractors, tractor parts and parts of motor vehicles, and certain machine tools continued to be among the leading export items in the group (table B-5). Another important item was pipehandlers, which were shipped under the license awarded to Caterpillar during the year.

1/ The Washington Post, Dec. 31, 1981.

2/ The Journal of Commerce, Dec. 1, 1981, p. 5A.

3/ Ibid., Dec. 31, 1981, p. 7A.

4/ Ibid.

5/ For example, in January 1982, the General Electric Co. (GE) was denied permission to sell 175 million dollars' worth of components to its European licensees for compressor turbines. These turbines were under contract to be supplied by European GE licensees to the Soviets for the planned Siberian-European pipeline. The GE components are believed to represent unique U.S. technology; therefore, their unavailability may slow down the building of the pipeline.

There were also some notable developments in 1981 in exports to the U.S.S.R. in the minor SITC sections. Exports of mineral fuels and lubricants (SITC Section 3) soared by 142 percent, reflecting larger sales of petroleum coke, insulating or transformer oils, and lubricating oils (tables 13 and B-5). Conversely, exports of miscellaneous manufactured articles (SITC Section 8) dropped during the year, owing largely to sharply declining exports of pressure-sensitive tapes. Exports of cigarettes and other tobacco products to the Soviet Union also declined and were negligible in 1981.

U.S. Imports

Although not directly affected by the trade sanctions of President Carter, U.S. imports from the Soviet Union began to decline in 1980 and continued to fall in 1981 (table 13). Total imports amounted to $357 million in 1981, 17 percent less than in 1980 and 59 percent less than in 1979. In 1980, nonmonetary gold was the single item that decreased most significantly. In 1981, falling imports in two major import categories--chemicals and manufactured goods classified by chief material--shared with gold the responsibility for the decline. The steep downtrend has been slowed somewhat by imports of mineral fuels and lubricants. The value of these items entering the United States during the year was almost 10 times more than in 1980.

These developments are reflected in the changes the composition of imports from the U.S.S.R. underwent during the year. SITC Section 9 (commodities and transactions not elsewhere provided for), in which the main item is gold bullion, continued to lose its importance as a major import category from the Soviet Union. This section was by far the leading one in 1978 and 1979, but ranked only third in 1980, and was fourth in 1981 (table 13). Chemicals (SITC Section 5), which was the leading group in 1980, became third in 1981. Conversely, mineral fuels and lubricants (SITC Section 3), a minor category in earlier years, led imports from the Soviet Union in 1981, accounting for almost one-third of the total.

Imports of mineral fuels and lubricants (SITC Section 3) amounted to $11 million in 1980 and $107 million in 1981. Light fuel oils were number 1 among the 20 leading specific import items from the U.S.S.R. (table B-6). Heavy fuel oils and naphthas--also leading items--accounted for the balance of imports in this group.

In both 1980 and 1981, manufactured goods classified by chief material (SITC Section 6) ranked as the second major import category from the Soviet Union (table 13). Imports in this section--mostly nonferrous metals--declined by 21 percent to $100 million in 1981. Platinum group metals--especially palladium, rhodium, and palladium bars and plates, which in recent years made up some two-thirds of the total--entered in significantly smaller amounts in 1981 (table B-6). For some of these items, the drop in import values reflects a decline in both price and volume.

Running counter to this trend were imports of nickel, which surged 81 percent by value to $38 million in 1981. According to trade sources, the Soviets were aggressive sellers of nickel during the year, and the large supplies they offered depressed prices in an already weak market. 1/ The other notable positive development in section 6 was an increase in imports of wood veneers.

1/ American Metal Market, Nov. 2, 1981, p. 35.

The expansion in imports of Soviet chemicals (SITC Section 5) that took place in 1979 and 1980 ended in 1981. Imports amounted to $93.5 million, down 37 percent from their 1980 level (table 13). Two items—ammonia and uranium fluoride and compounds, which account for virtually all U.S. imports of Soviet chemicals—were responsible for the decline.

Soviet anhydrous ammonia is the counterpart on the import side of the phosphates the United States exports to the U.S.S.R. under the 20-year countertrade agreement with Occidental Petroleum. 1/ At the end of 1979, and again in the early part of 1980, ammonia imports from the U.S.S.R. faced restrictions by the U.S. Government on grounds of possible market disruption. The issue was ultimately resolved by a negative vote of the U.S. International Trade Commission in March 1980, 2/ and no restrictions on imports of Soviet ammonia are currently in effect. Nonetheless, in 1981, imports declined 18 percent by volume, to 796,351 short tons.

Ammonia has been the main Soviet export item in the countertrade arrangements the U.S.S.R. concluded with many advanced industrial countries. These agreements have also involved sales of other "energy intensive" chemicals to the West. Soviet efforts to honor these countertrade commitments reportedly have been jeopardized by some weaknesses in their economic performance, such as problems with quality, transportation, packaging, and handling. 3/

U.S. imports of Soviet gold bullion (SITC Section 9) fell to 0.04 million troy ounces in 1981 from 0.13 million in 1980 and 1.6 million in 1979. The decline was even more precipitous by value (table B-6). Gold accounted for only 6 percent of U.S. imports from the U.S.S.R. in 1981, compared with 19 percent in 1980 and 63 percent in 1979.

The Soviet Union ranks as the world's second largest gold producer after the Republic of South Africa. Unlike South Africa, the Soviet Union does not release information on its gold production and holdings, nor does it conduct sales openly on world markets. Soviet gold exports are apparently determined by prevailing hard-currency requirements that cannot be met from other sources.

Declining Soviet gold sales to the United States contrast sharply with a surge of Soviet gold sales to third countries during the year. Before 1981, soaring gold prices allowed the Soviets to reap high profits in world markets from the sale of nonmonetary gold, even while successively reducing the volume of their sales. In the second half of 1981, however, the Soviets were compelled to increase their gold sales sharply, despite steeply falling prices. Even though prices plunged to $400 and less per ounce in 1981, sales tripled to an estimated 250 tons, indicating an urgent need for hard currency. 4/ In 1980, when prices peaked at over $800 per ounce and averaged

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1/ See "Exports of Agricultural and Related Items," above. This agreement was discussed in a special section on ammonia in the 16th Quarterly Report . . ..

2/ See 25th Quarterly Report . . ., p. 61.

3/ Business Eastern Europe, Sept. 19, 1980, p. 300.

4/ The Journal of Commerce, Jan. 7, 1982, p. 15D.

$600 per ounce, Soviet gold sales amounted to only some 80 tons. Especially in the second half of 1981, heavy Soviet gold sales--and expectations of still further sales--are believed to have sustained the downward pressure on gold prices in world markets.

Metal coins and paintings, which in the past made up most U.S. imports from the U.S.S.R. in SITC Section 8 (miscellaneous manufactures), were negligible in 1981 and disappeared from the list of leading items. Some other products, classfied in historically less important SITC sections of imports from the Soviet Union, fared relatively well during the year. Notable is the reappearance of vodka (SITC Section 1) as a leading import item (table B-6), after its absence from the list in 1980.

Eastern Europe

Aggregate Trade Trends

Following an 8.2-percent increase from 1979 to 1980, trade turnover between the United States and the countries of Eastern Europe 1/ declined by 6.3 percent from 1980 to 1981. This was only the second time in the last decade that the value of trade with Eastern Europe has registered a year-to-year decline. U.S. exports to each of the Eastern European countries except Bulgaria contracted in 1981, by 18.6 percent overall. Conversely, U.S. imports from each of these countries (except Poland) rose during the year, producing an overall increase of 23.9 percent. 2/ The positive balance of trade that the United States traditionally enjoys with this group of countries was thus diminished, falling to just over half its 1980 level of $1.4 billion.

The $3.1 billion in 1981 two-way trade with the countries of Eastern Europe represented 27 percent of U.S. trade with all NME's. Trade with Eastern Europe in 1981 was greater than trade with the Soviet Union but was significantly less than trade with China. Among these countries, Romania and Poland each accounted for more than one-third of U.S. trade with Eastern Europe in 1981. The other countries, in order of their trade significance, were East Germany, Bulgaria, Hungary, and Czechoslovakia. A notable change that occurred from 1980 to 1981 was Poland's drop from first to second place among Eastern European trading partners of the United States. Polish-U.S. trade contracted sharply because the supply of Polish goods available for export was limited by economic disruptions and because credits from the West to finance imports were curtailed.

U.S. exports to Eastern Europe were valued at $1.9 billion in 1981 (table 15), the lowest level since 1978. These exports accounted for nearly one-quarter of all goods shipped to NME's from the United States in 1981. Nearly three-quarters of all U.S. shipments to the Eastern European NME's were classified in SITC Section 0--food and live animals, and consisted of grain. Inedible crude materials, except fuel (SITC Section 2) and machinery and transport equipment (SITC Section 7) together accounted for slightly more than 15 percent of U.S. exports to the area. Virtually all of the shipments in the mineral fuels and lubricants category (SITC Section 3) were bituminous coal for Romania. Similarly, of the U.S. chemical shipments (SITC Section 5) to Eastern Europe, nearly half went to Bulgaria and consisted largely of superphosphates used for fertilizer.

Recording their highest level ever, U.S. imports from Eastern Europe were valued at $1.2 billion in 1981. The dramatic increase in imports from 1980 to 1981, occurring at a time when Western policymakers and commercial bankers were increasingly aware of the hard-currency debt problem in the region, could indicate a redoubling of effort on the part of the NME's of Eastern Europe to export to the hard-currency area.

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.

2/ For discussions of U.S. trade with individual Eastern European countries, see the sections that follow.

Table 15.--U.S. trade with Eastern Europe, 1/ by SITC 2/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	1,261,485	1,517,636	1,374,681
1	Beverages and tobacco	17,184	23,319	26,503
2	Crude materials--inedible, except fuel	385,444	335,547	176,617
3	Mineral fuels, lubricants, etc	35,621	81,752	41,107
4	Oils and fats--animal and vegetable	29,405	10,455	14,389
5	Chemicals	64,939	56,290	75,554
6	Manufactured goods classified by chief material	37,772	59,716	29,718
7	Machinery and transport equipment	181,059	196,859	122,552
8	Miscellaneous manufactured articles	38,836	46,068	28,434
9	Commodities and transactions not elsewhere classified	4,468	5,288	8,472
	Total	2,056,213	2,332,930	1,898,029
		U.S. imports		
0	Food and live animals	240,965	225,311	179,521
1	Beverages and tobacco	23,876	20,233	24,481
2	Crude materials--inedible, except fuel	20,099	14,587	14,782
3	Mineral fuels, lubricants, etc	76,962	55,623	151,759
4	Oils and fats--animal and vegetable	1,550	1,996	1,047
5	Chemicals	46,506	47,167	36,581
6	Manufactured goods classified by chief material	177,368	189,901	327,092
7	Machinery and transport equipment	169,128	186,200	230,077
8	Miscellaneous manufactured articles	222,601	213,374	215,410
9	Commodities and transactions not elsewhere classified	3,924	2,261	4,117
	Total	982,979	956,650	1,184,865

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.
2/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

U.S. imports from the Eastern European NME's are more diversified than are U.S. exports to the area, with over 90 percent of the imported products falling into five SITC categories. The most significant import categories and their share of U.S. imports from Eastern European countries during 1981 were as follows: manufactured goods classified by chief material (SITC Section 6)--28 percent; machinery and transport equipment (SITC Section 7)--19 percent; miscellaneous manufactured articles (SITC Section 8)--18 percent; food (SITC Section 0)--15 percent; and mineral fuels and lubricants (SITC Section 3)--13 percent. In recent years, food and miscellaneous manufactured articles have been the most important SITC categories of goods imported from Eastern Europe. In 1981, however, owing to a tripling of imports of manufactured goods classified by chief material from Romania, SITC Section 6 became the leading category. Over half of the value of imports in this category came from Romania and consisted of steel plate. Romania was also a particularly significant Eastern European supplier of U.S. imports in two other categories: it accounted for over 98 percent of U.S. imports from the region of mineral fuels and lubricants (SITC Section 3), and for one-half of the trade in miscellaneous manufactured articles (SITC Section 8).

Over three-fifths of U.S. food imports from Eastern Europe came from Poland in 1981, and consisted principally of canned hams. This was in spite of food shortages in Poland that contributed heavily to a drop from earlier years in shipments of ham to the United States. Poland's share of food imported from the Eastern European NME's was over 70 percent in 1980.

Oriental leaf tobacco imported from Bulgaria constituted a significant portion (77 percent) of the products imported from the region in the beverages and tobacco category (SITC Section 1).

Developments in U.S. Commercial Relations With Eastern Europe

The continuing crisis in Poland led the list of important developments affecting U.S. commercial relations with Eastern Europe in 1981. Prolonged debt-rescheduling negotiations dampened the commercial atmosphere, with Poland in danger of default and Romania heavily in debt to Western private and government banks. To alleviate Poland's severe hard-currency shortages, the United States and Europe extended loans, guarantees, and grants for the purchase of emergency food and medical supplies during the year. The December 13 imposition of martial law in Poland further soured East-West trade relations, spurring the United States to take unilateral action against both Poland and the U.S.S.R.

Meanwhile, the inability of several Eastern European NME's to pay for goods with hard currency and their lack of access to Western financing also hampered trade relations. The IMF applications of Poland and Hungary, filed in November 1981, were seen by some analysts as pointing to a way out of their financial woes--enhancing the possibility of expanded Western credits, particularly for Hungary. Negotiations on the terms of IMF accession continued through the end of 1981, with no acceptances procured by yearend.

In response to hard-currency shortages, several Eastern European countries adopted stricter countertrade arrangements, in some cases requiring that their goods be accepted as full payment for imports from the West. 1/ Among the countries strengthening countertrade requirements in 1981 were Bulgaria and Romania.

A longstanding hindrance to U.S.-Czechoslovak trade was removed at yearend when Congress approved a settlement of U.S. financial claims that had been pending since the Communist takeover of Czechoslovakia in 1948. Despite this, no significant expansion of two-way trade appears likely in the near future.

Romania was the only Eastern European country to receive a loan from the Export-Import Bank of the United States (Eximbank) in 1981. The loan will finance the purchase of U.S.-made steam turbine generators for the first of 14 nuclear power stations to be built in Romania before the turn of the century. Poland only used a small portion of its revolving short-term credit line with Eximbank during the year ended November 30 (the date of its expiration).

In line with its monitoring of steel import prices, the Commerce Department initiated antidumping complaints against steel plate from Romania and several other sources in November 1981. The Commission conducted four other investigations on imports from NME's during the year.

Textiles from Poland and Romania continued to enter the United States under bilateral agreements setting forth trade goals and limits within the framework of the Multifiber Arrangement (MFA). New textile agreements were reached with the two countries during the year.

Meanwhile, goods entering the United States from Hungary and Romania received, and will continue to receive, most-favored-nation tariff treatment during 1981 and 1982. The extension of MFN treatment for those countries was contingent upon Presidential waivers of section 402 of the Trade Act of 1974 (regarding freedom of emigration). Congress did not act to disapprove the waivers, and thus they remain in effect until July 3, 1982.

Four Eastern European countries are signatories to the General Agreement on Tariffs and Trade (GATT): Romania, Hungary, Czechoslovakia, and Poland. During 1981, some of these countries became signatories to one or more of the nontariff codes negotiated during the Tokyo round of Multilateral Trade Negotiations (MTN).

Finally, several third-country trade agreements came into force in 1981 that may influence future U.S. trade with Eastern Europe, including two agreements between Romania and the European Community.

1/ According to The Economist, Feb. 20, 1982, p. 78, nearly one-quarter of world trade is now done through some form of barter. Ranked according to the value of Western exports contracted with NME's under barter arrangements during the period 1969-80, the Soviet Union accounted for 62 percent of such trade, Poland accounted for another 22 percent, and the rest of Eastern Europe made up the balance.

Commodity Credit Corporation guarantees and other U.S. food assistance to Poland

The Commodity Credit Corporation, the Department of Agriculture's program designed to assist sales of U.S. grains and other farm commodities abroad, 1/ extended major loan guarantees for Poland and several credit guarantees for Romania during 1981. The CCC is authorized to insure loans for agricultural sales to three Eastern European countries--Hungary, Poland, and Romania.

In the wake of a near collapse of the economy in Poland fueled in the year by labor unrest, flooding, and a lack of hard currency earnings, the United States and its Western allies extended massive agricultural credits and donated substantial quantities of food and medical supplies to that country during 1981. The CCC used nearly one-third of its entire global credit authorization to guarantee food and grain exports to Poland in fiscal year 1981 (October 1, 1980-September 30, 1981). In addition, donations under Public Law 480 were made to Poland in 1981. Following the imposition of martial law, the President indicated that concessional food sales to Poland would be suspended. However, he exempted shipments made for "humanitarian" purposes, including food and medicine shipped by voluntary organizations such as CARE and Catholic Relief Services (CRS). 2/

In April 1981, the CCC made a $71.4-million disposal sale to Poland of dairy products from the U.S. Government's stock of perishable goods. In October, the CCC authorized a similar sale of 31.4 million dollars' worth of dairy products, including cheese, nonfat dry milk, and butter. The Poles paid for both shipments with Polish currency (not now convertible to hard currency). Among other things, the Polish currency will be used to pay U.S. embassy expenses and to fund cooperative agricultural research.

In August, the CCC sold 990,000 dollars' worth of dairy products to CRS. As in the prior two sales, the products were sold below market prices in order to dispose of stocks of perishable goods. CRS paid for the food in U.S. dollars, and intended to distribute it upon its arrival in Poland.

1/ The CCC guarantees repayment to commercial banks of the principal and some of the interest in the event of a default by a foreign buyer of U.S. farm exports. The loan guarantees do not involve actual disbursements unless the country fails to honor its commitment to repay the U.S. bank that accepts the CCC-backed letter of credit. These credits have played a major role in U.S. trade with the NME's in the past few years.

2/ The International Longshoreman's Association (ILA) has refused to load or unload any shipments to Poland unless they are for humanitarian purposes and on consignment to a voluntary relief agency.

In addition to the $669.3 million in CCC credit guarantees extended to Poland during the fiscal year (of a $670-million ceiling in effect for FY 1981), the United States authorized on August 31, 1981, a $55-million long-term loan under title I of Public Law 480, to be used for the purchase of approximately 350,000 metric tons of yellow corn. 1/ Poland made an emergency request for the corn, which will be used for animal feed to prevent the forced slaughter of livestock.

Title I of Public Law 480, the Food for Peace program, provides for the concessional sale of U.S. bulk agricultural commodities utilizing loans with low interest rates, to be paid over an extended period. The Polish loan is to be paid back over 10 years; an 8-percent interest rate will be charged during the first 4 years, and afterwards a market interest rate will apply. Although the corn was not classified as a "humanitarian" shipment, it moved out of the United States before December 13, and thus was not subject to the official Government ban or ILA boycotts.

Under title II of Public Law 480, the United States donated 30 million dollars' worth of wheat flour, rice, nonfat dry milk, and vegetable oil to Poland on November 25, 1981. Title II of the law provides for emergency shipments of food, distributed through voluntary agencies, for countries in dire need. The products had not been shipped before the imposition of martial law, but were exempted for humanitarian purposes.

In both instances, the Government of Poland has guaranteed to funnel through the goods immediately, and will give them priority attention at port. The food will be distributed both by the Government (in the case of the CARE effort) and the Catholic Church (through its local parishes). 2/

The worsening economic situation and the ongoing talks on rescheduling Poland's external debt limited the availability Western commercial bank financing for sales to the country, particularly in the last six months of 1981. Despite CCC guarantees, some U.S. commercial bankers have been reluctant to extend any more credit to Poland. Because the CCC guarantees only the principal of a loan plus 6-percent interest, banks stand to lose the difference between the guaranteed interest rate and the market rate of interest if Poland should default.

In view of the bleak economic horizon for Poland, some U.S. banks would honor CCC letters of credit for sales to Poland only if Poland could come up with the interest rate differential in cash. The lack of hard currency caused Poland to appeal for emergency assistance from its trading partners on both sides of the Iron Curtain. The $55 million feed corn loan from the United States was extended on this basis; at the time, Poland could not draw on its outstanding CCC credits for the purchase because it could not come up with cash to cover the difference between the then-current market rate of 20 percent and the CCC-guaranteed rate. Nevertheless, Poland used up nearly all of its $670 million CCC authorization by the end of the fiscal year (September 30).

1/ Of the $55 million loan, $47.6 million was to be used to buy corn and $7.4 million was allotted for freight charges.

2/ Although all the sales were authorized in 1981, shipments did not leave port before the end of the year. Therefore, the quantity of shipments during the first quarter of 1982 may appear unusually high.

These difficulties, along with the imposition of martial law, have effectively put on hold all decisions on aid and credit to Poland. Thus, no decision on the FY 1982 CCC credit guarantee authorizations for Poland was made by yearend.

Following the imposition of martial law in December, President Reagan announced that Poland's revolving short-term credit line with the Eximbank would not be renewed. Poland had a $25-million revolving credit insurance line with Eximbank for the year ending November 30, 1981. The effect of this action on U.S. exporters is expected to be minimal, however, since the Poles only used $4-million in medium-term insurance during the first 11 months of 1981.

Romania was authorized to receive 50 million dollars' worth of CCC-backed commodities during fiscal year 1981. Romania used nearly all of this authorization, purchasing just over $49.9 million worth of barley, corn, and soybeal meal in the year ended September 30. Included were 27,500 metric tons of barley, valued at $5.5 million; 261,727 metric tons of corn, valued at $36.9 million; and 22,948 metric tons of soybean meal, valued at $7.6 million. As in the case of Poland, no decision had been reached on FY 1982 authorizations by December 31.

Eximbank loan to Romania for nuclear power station

On June 30, 1981, the Eximbank authorized $120.7 million in Government-supported credit for the Romanian purchase of steam turbine generators from the General Electric Co. (G.E.). 1/ The 700-megawatt turbines will be part of a Canadian-built nuclear power station, the first of 14 to be built in Romania before the turn of the century.

Eximbank provided an unusually high 85 percent 2/ of the funding for the $142-million contract at an 8-percent interest rate. Romania made a cash payment for the remaining $21.3 million of the transaction. The Government-owned Romanian Bank for Foreign Trade has unconditionally guaranteed repayment of the loan, as it has all previous Eximbank loans to Romania. Repayment will begin on July 5, 1989, 6 months after the startup date of the second generator, and will continue for 10 years.

1/ Agreement on terms of the Romanian loan was reached and a preliminary commitment made by Eximbank in September 1980. However, before the loan could be authorized, both a determination by the President and the approval of Congress was required (see 27th Report . . ., p. 49). After receiving a description of the transaction and a justification for financing the project, the President determined on May 20 that the loan is in the national interest. Congress may nullify a loan commitment by passing legislation expressly canceling the loan. Since it did not do so, the official authorization was made.

2/ To meet extremely competitive export financing from abroad, Eximbank agreed to finance 85 percent of the contract cost, 20 percent more than usually provided. The interest rate on the loan is also below the regular rate, 8 percent compared with the then-current 8.75-percent rate generally charged for Eximbank credit.

Rather than pay back the loan in hard currency, Romania will provide 100-percent countertrade over an 11-year period. To alleviate hard currency shortages, Romania's new investment strategy (adopted in 1981) calls for the incorporation of countertrade provisions in all contracts with Western firms. Accordingly, G.E. will receive Romanian manufactures and other goods, mostly for sale in third-country markets.

In February 1981, Eximbank authorized $340,000 in credit guarantees to support the sale to Romania of medical equipment manufactured by Nickolette Instrument Corp. in Wisconsin. Eximbank also insured $4 million in private funding for Polish purchases of electronic components in February.

Extension of textile agreements with Poland and Romania

Under the auspices of the Arrangement Regarding International Trade of Textiles, known as the Multifiber Arrangement (MFA), 1/ the United States concluded bilateral textile accords with two Eastern European countries during 1981. The agreements with Poland and Romania replaced textile agreements that expired at the end of 1980.

The new 4-year agreement with Poland was concluded in January 1981 and is slated to expire on December 31, 1984. It places an aggregate limitation on U.S. imports of cotton, wool, and manmade-fiber textiles and textile products. Within each general textile group, some articles are expressly limited and "consultation levels" are specified, meaning that discussions are triggered when the negotiated consultation (import) levels are approached or reached. During 1980, textile products accounted for 45 percent of the value of Polish sales to the United States in SITC Section 8. During 1981, that share rose to 54 percent. Nevertheless, Poland shipped only 21 percent, or 11 million equivalent square yards (SYE), of the products placed under the aggregate limitation during 1981. Poland's aggregate ceiling for calendar year 1981 was 53 million SYE. Heading the list of textile shipments to the United States were men's wool suits, women's raincoats, and cotton pile towels.

After extending the previous accord until March 31, 1981, the United States and Romania signed a new bilateral agreement on trade in wool and manmade-fiber textiles and textile products, to become effective April 1, 1981. The agreement runs for 4 years, until March 31, 1984. 2/

Among the more important textile items Romania exported to the United States in 1981 were mens' and boys' manmade-fiber jogging jackets, and women's manmade-fiber apparel. During 1981, a 5-year agreement with Romania covering

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1/ The MFA is an international agreement which provides the framework for bilateral trade agreements governing international trade in textiles and apparel. Bilateral accords are negotiated utilizing the general guidelines set forth in the 41-nation pact. Originally enacted in 1974, the MFA was due to expire on Jan. 1, 1982. Renegotiations during 1981 proved successful when the signatories agreed on Dec. 22 to extend the MFA until July 31, 1986. The newly negotiated MFA became effective on Jan. 1, 1982.

2/ The terms of the agreement were set forth in Department of State press release No. 169, Aug. 11, 1981.

cotton textiles and apparel, in effect since 1978, continued in force. Neither accord sets overall limits on Romanian textile exports to the United States. However, specific products are subject to quantitative limits, and consultation levels are designated for some of the items.

Extension of most-favored-nation treatment to Romania and Hungary

Under the provisions of title IV of the Trade Act of 1974, the United States may grant MFN status to an NME only if special conditions, including progress toward a liberal emmigration policy, are met. The principal benefit of receiving MFN status is the application of column 1 duty rates, the most favorable general duty rate, on sales to the United States. The generally higher rates in TSUS column 2 apply to imports from Communist countries that do not have MFN status.

Sections 402(a) and (b) prohibit the application of MFN tariff treatment to products from Communist countries that do not allow, or severely restrict, emigration of their citizens. The President may waive this restriction if he finds that doing so would enhance the possibility of free emigration. The authority to waive the provision and the actual waivers must be renewed annually by the Congress. On June 2, President Reagan asked Congress to renew his authority to waive sections 402(a) and (b) of the Trade Act of 1974 and to allow the particular waivers for Hungary and Romania to remain in effect for another year.

Concurrently, the President notified the United States Trade Representative that he authorized renewing the 3-year bilateral trade agreements with Hungary and with Romania. Among other things, the bilateral accords grant MFN tariff treatment. MFN was originally extended to Romania on August 3, 1975, and to Hungary on July 1, 1978.

Congressional hearings are an integral part of the yearly section 402 review. On the House side, the Subcommittee on Trade of the House Ways and Means Committee held a hearing on the waivers on June 22, 1981. Although some witnesses complained about Romania's complex and lengthy emigration procedures, most witnesses endorsed extension of MFN duty status. Accordingly, Congress did not initiate a resolution disapproving the extension, and so both the authority and the two waivers remained in effect for the next year. 1/

1/ By adopting a simple resolution of disapproval in either the House or the Senate, Congress can terminate the general waiver authority of the President or the application of MFN treatment to the products of any country subject to disapproval. If neither the Senate nor the House acts between July 3--the annual expiration date of the waiver authority and of any waivers granted under that authority--and Aug. 31, the waiver authority applicable to Romania and Hungary is automatically continued. Neither the House nor the Senate acted during the 60-day period ending Aug. 31, 1981, and the waivers therefore remain in effect.

Settlement of U.S. claims against Czechoslovakia

On December 16, 1981, the Congress passed a bill (S. 1946) approving the settlement of U.S. financial claims against Czechoslovakia that had been pending for more than 30 years. The legislation does two things: (1) it provides the authority for the U.S. Government to implement the claims settlement program, and (2) it permits the release of 18.4 metric tons of Czechoslovak gold held by the allies since its recovery from Germany after World War II. An additional effect of this congressional action is that it permits the U.S. Government to consider granting MFN tariff status to Czechoslovakia. The agreement adopted by the Congress was initialed by the United States and Czechoslovakia on November 6, 1981.

This agreement was the culmination of several previous efforts to reach a settlement for U.S. property that was nationalized or confiscated following the Communist takeover of Czechoslovakia in 1948. In rejecting a settlement negotiated by the Department of State in 1974--primarily on the grounds that it provided insufficient compensation for the claimants--Congress enacted section 408 of the Trade Act of 1974. This provision stipulates that Czechoslovakia cannot be given MFN status, 1/ nor can any of the gold belonging to that country be released by the U.S. Government, until an agreement to settle the claims has been approved by the Congress. The settlement reached in November calls for Czechoslovakia to pay $81.5 million to the United States, an amount four times that rejected by the Congress in 1974 and in excess of 100 percent of the outstanding principal balance of certified claims. 2/

S. 1946 was quickly adopted by both Houses of the Congress, 1/ and was signed by President Reagan on December 26. The agreement gives Czechoslovakia 60 days to make payment, after which the distributions to the U.S. claimants will begin and the almost 9 metric tons of Czechoslovak gold held in the United States will be returned. An agreement recently concluded between the United Kingdom and Czechoslovakia provides for the return of the remainder of the gold, held in the Bank of England.

The link between the return of Czechoslovak gold and the settlement of U.S. claims was made shortly after World War II in an effort to provide leverage in negotiating a settlement for the U.S. corporate investments, bank accounts, and other property of U.S. citizens that had been nationalized or

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1/ Sec. 408 stipulates that a claims settlement that has been approved by Congress shall be submitted to the Congress as part of any agreement the United States may enter into with Czechoslovakia under title IV of the Trade Act of 1974. Title IV requires that the United States enter into a trade agreement with a Communist country before granting it MFN tariff status.

2/ Although only a small amount will be available for the payment of interest, Senator Robert Dole (R.-Kans.), a sponsor of the bill, noted that a settlement providing for total coverage of the principal is "virtually unprecedented in the history of U.S. expropriation claims settlements." For an account of the distribution of the claims, see 127 Cong. Rec. S15078 (daily ed. Dec. 11, 1981).

confiscated by the Communist Government of Czechoslovakia. In 1948, the Tripartite Commission for the Restitution of Monetary Gold--made up of the United States, the United Kingdom, and France--withheld most of the gold assigned to Czechoslovakia under the Paris Reparations Agreement of 1946. Gold had been seized in several countries by the Nazis during World War II; following the war, the gold that was recovered was placed in a pool, and claims to it were arbitrated by the Tripartite Commission. Of the 24 metric tons of gold allocated for Czechoslovakia, about 6 metric tons were returned in 1948, and, pending the settlement of claims, the remainder of the gold was placed in the Federal Reserve Bank of New York and Bank of England under the joint custody of the United States, United Kingdom, and France. In addition to the provisional agreement rejected in 1974, another U.S.-Czechoslovak claims settlement concluded in 1964 also failed to receive U.S. congressional approval.

In 1980, when another agreement could not be reached following the enactment of section 408, Senator Moynihan introduced a bill to permit a unilateral settlement of the U.S. claims: the U.S. Treasury would sell the approximately 9 metric tons of Czechoslovak gold held in the United States and, if possible, that held by the Bank of England; the proceeds would be used to pay the claimants. Although the bill was not passed, it revived efforts to reach a satisfactory bilateral settlement.

Congressional approval of the 1981 agreement does not mean that Czechoslovakia will be granted MFN status. Should Czechoslovakia request MFN tariff treatment, however, the President can now consider the request.

U.S. International Trade Commission investigations involving Eastern European NME's

During 1981, the Commission conducted five injury investigations that involved imports from Eastern Europe. Complaints of dumping--sales of imported articles at below the costs of production (including reasonable profit) or at less than the home-market price of the exporting country--were lodged against imports from three Eastern European NME's. The charges were investigated by the U.S. Department of Commerce, to determine sales at less than fair value (LTFV), and by the Commission, to determine whether a U.S. industry is materially injured, or threatened with material injury, by the imports. The antidumping cases involved truck and trailer axles from Hungary, montan wax from East Germany, and carbon steel plate from Romania.

In addition to filing an antidumping complaint, the domestic producer of montan wax also filed a market disruption case during 1981 under section 406 of the Trade Act of 1974. During the year, the Commission also studied the effect of ending import relief granted by the President on the basis of its 1978 finding that domestic clothespins manufacturers were being seriously injured by imports of clothespins (clothespins were imported from several NME's).

1/ The bill was introduced on Dec. 11, 1981, by Senator Daniel P. Moynihan (D.-N.Y.), and was cosponsored by Senators Robert Dole and Charles Percy (R., Ill.). House support for the bill was led by Representatives Jonathan Bingham (D.-N.Y.) and Lee Hamilton (D.-Ind.).

Montan wax from East Germany.--In August 1981, the Commission determined that the U.S. industry was materially injured because of sales of montan wax by East Germany at LTFV (investigation No. 731-TA-30). As a result, the Commerce Department ordered the imposition of antidumping duties equaling the margin of dumping, found by Commerce in August to be 13.02 percent. 1/ Imports of unrefined montax wax have been under investigation by the Commission since September 1980. At that time, the sole U.S. producer, American Lignite Products Co., filed antidumping charges against East Germany, the only foreign supplier of montan wax to the United States. The Commission made an affirmative preliminary determination on October 23, 1980; Commerce found sales at LTFV, and the Commission instituted its final investigation in March 1981.

On October 13, 1981, the same company filed a charge that market disruption was being caused by sales of the East German product. The Commission instituted its investigation on October 28 to determine whether (1) a rapid rise in imports was occurring and (2) the imports were a significant cause of material injury to the domestic producer. Market disruption is defined in section 406(e)(2) of the Trade Act of 1974 as a rapid increase, either absolute or relative, in imports of a particular product from a Communist country that are a significant cause of material injury to a U.S. industry. A determination must be reached by the Commission on or before January 13, 1982. 2/

Truck trailer axle-and-brake assemblies and parts thereof from Hungary.--In February 1981, Rockwell International Corp. filed a petition with the Department of Commerce alleging that truck trailer axle-and-brake assemblies from Hungary were being sold at LTFV and concurrently filed a petition with the Commission arguing that, as a result of the low-cost Hungarian shipments, the company was being materially injured. The Commission made an affirmative preliminary determination in March. On November 17, the Department of Commerce suspended the investigation, after receiving assurances from the only Hungarian producer, the Hungarian Railway Carriage & Machine Works, that it would adjust its prices to eliminate sales in the United States at LTFV. On the same date, the Commission suspended its final investigation on the question of injury. 3/

1/ Commerce later reversed its final dumping determination, finding that due to exchange rate fluctuations the margin had fallen to zero (47 F.R. 3579).

2/ The Commission issued its report on the charges on Jan. 13, 1982. The Commission found by a vote of 4 to 1 (Commissioner Frank dissenting) that imports were not increasing rapidly, and thus market disruption did not exist.

3/ On Jan. 4, 1982, the Department of Commerce published a final suspension agreement in the Federal Register, allowing interested parties a 20-day period to comment or request continuance of the investigation. Because no such request was received during the established time frame, the case was officially terminated effective Febr. 4, 1982. As part of the suspension agreement, the Department of Commerce will monitor imports of the articles to insure that dumping does not resume. Should Commerce find sales at LTFV, the investigations will be reinstituted at the same stage as when suspended; i.e., the Commission would proceed with its final injury investigation, and the Department of Commerce would make a final dumping determination.

Carbon steel plate from Romania.--On November 18, the Department of Commerce notified the Commission that, on the basis of information gathered in its steel price monitoring under the trigger-price mechanism (TPM), it had reason to believe that hot-rolled carbon steel plate from Romania was being sold in the United States at LTFV. The Commission instituted its investigation No. 731-TA-51 [Preliminary] on the same day. On December 22, the Commission unanimously found that there was a reasonable indication that the domestic industry was injured because of the LTFV sales. 1/

The second leading U.S. import from Romania during 1981, carbon steel plate accounted for over 16 percent of the value of imports from that country during the year. Partially due to the opening of a new steel plate mill in 1981, Romania's platemaking capacity was substantially increased.

On the basis of information gathered in the investigation, the Commission found that Romania's steel shipments to the United States rose both absolutely and relatively during 1981. The tonnage shipped to the United States rose 548 percent between 1980 and 1981, and the Romanian share of the U.S. steel imports jumped from 2.2 percent in 1980 to 12.8 percent in 1981. In the previous year, Romania supplied less than 1 percent of apparent U.S. consumption; in 1981, that share rose to 4 percent. 2/ The Commission's final investigation was still underway at yearend. 3/

Clothespins.--In July, the Commission instituted an investigation to determine the probable economic effect of terminating import relief currently being given to domestic manufacturers of clothespins. 4/ The President imposed quotas on clothespins in February 1979, following a Commission finding that the domestic industry was seriously injured because of the imports. 5/

1/ Hot Rolled Carbon Steel Plate from Belgium, Brazil, and Romania, USITC Publication 1207, January 1982.

2/ Ibid., p. A-39.

3/ In January 1982, several domestic producers of carbon steel plate filed petitions alleging injury because of Romanian sales to U.S. firms at LTFV. Commerce subsequently withdrew its self-initiated petitions. The domestic producers also filed dumping complaints against producers from Belgium, France, Italy, Luxembourg, the Netherlands, the United Kingdom, and West Germany. Countervailing duty petitions concerning carbon steel plate imports were also filed against those seven countries and Brazil. (Because of methodological problems in determining subsidization by a NME, as a practical matter, countervailing duty provisions have not been applied to NME's.) The Commission made its preliminary determination on all the carbon steel cases (investigations nos. 701-TA-86 through 144, 701-TA-146, 701-TA-147, and 731-TA-53 through 86 (Preliminary)) on Feb. 18, 1982. At that time, the Commission unanimously found that there was a reasonable indication that imports of steel plate from Romania were injuring or threatening to injure domestic manufacturers.

4/ The relief covered imports of wooden and plastic spring-type clothespins valued not over $1.70 per gross.

5/ The Commission conducted a so-called escape-clause investigation under sec. 201 of the Trade Act of 1974 to determine whether imports from all sources were seriously injuring, or threatening to seriously injure, domestic producers (investigation No. TA-201-36) in 1978.

Several NME's, including Poland, China, and Romania, are leading suppliers of clothespins to the U.S. market. The import relief was to end on February 22, 1982, unless extended by the President.

As is usual in cases where escape-clause relief has been granted, the Commission instituted an investigation 6 months before the relief was to expire in order to advise the President on the impact that terminating the relief would have on domestic manufacturers. On December 7, 1981, the Commission passed its findings on to the President, advising him that ending or narrowing import relief would have an adverse effect on domestic producers and recommending that the current level of relief be continued for another 3 years. The President must decide to continue, modify, or terminate the relief on or before February 22, 1982. 1/

Status of Tokyo round MTN agreement signatures and acceptances by Eastern European countries during 1981

Four Eastern European countries are contracting parties to the General Agreement on Tariffs and Trade--Romania, Hungary, Czechoslovakia, and Poland. All four participated in the Tokyo round of Multilateral Trade Negotiations, as did Bulgaria, though not a member of the General Agreement on Tariffs and Trade (GATT). During the round, a set of codes were adopted that establish rules of conduct on the use of administrative measures to restrict trade. The codes cover industrial, health, and safety product standards; import licensing; customs valuation; subsidies; dumping; and, government procurement procedures.

The status of signatures and acceptances to the nontariff barrier codes as of December 31, 1981, was as shown in the following tabulation: 2/

Agreement	Bulgaria	Czechoslovakia	Hungary	Poland	Romania
Antidumping		Accepted	Accepted	Accepted	Accepted
Beef	Accepted		Accepted		Accepted
Civil aircraft					Accepted
Customs valuation			Accepted		Accepted
Dairy	Accepted		Accepted		Accepted
Licensing		Accepted	Accepted		Accepted
Standards			Accepted		Accepted
Tariff protocol		Accepted	Accepted	Accepted	Accepted

During 1981, Romania accepted the antidumping code, which governs actions against imports of countries that sell products at LTFV. No Eastern European GATT member has accepted the subsidies- or Government-procurement codes.

Third-country agreements affecting U.S.-Eastern European trade prospects

Among the most important new trade agreements that entered into force during the year were two bilateral accords concluded between the European Community (EC) and Romania in 1980 and put into effect at the beginning of

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1/ On Feb. 22, President Reagan extended the import quota in effect for another 2 years.

2/ U.S. Import Weekly, Jan. 27, 1982, pp. 399-401.

1981. The agreements were negotiated in line with an EC commitment in the GATT to lower discriminatory quantitative restrictions (QR's) applying to NME exports to the Community. The QR's were in force prior to Romania's accession to the GATT in 1971.

Bilateral quotas have commonly been used to prevent the flooding of European markets by NME goods, particularly in the EC, Sweden, Finland, and Austria. However, GATT article XIII prohibits the use of discriminatory QR's. At the urging of European contracting parties, an exception to the ban on discriminatory QR's was made in Romania's protocol of accession to the GATT. Under the exception, contracting parties were allowed to maintain their existing QR's against the NME members, as long as the discriminatory and restrictive nature of these restrictions was (1) not increased and (2) progressively relaxed and ultimately eliminated.

In the mid-1970's, the EC offered to relax these quotas in exchange for bilateral agreements with the NME's that would provide for greater cooperation in trade relations. Romania decided to accept the EC offer in 1980, negotiating two trade liberalization agreements--one that lowers EC barriers to Romanian industrial products and another that provides for the creation of a joint EC-Romania committee. In turn, Romania has agreed to supply EC officials with ongoing information about the country's import plans and priorities. About 85 percent of Romania's sales of industrial products to the EC were covered by the agreement, which eliminates two-thirds of the EC's quotas on Romanian goods. The two pacts run concurrently with the present Romanian 5-year plan, from 1981 to 1985, and may, because of the detailed information they provide for, give the EC an added advantage in selling to the Romanians. The accords may thus affect the future expansion of U.S.-Romanian trade.

In November 1981, the joint EC-Romania committee met in Brussels to discuss the working of the industrial products agreement. At the meeting, the participants agreed to "intensify their trade relations" in the future. 1/

Regional Economic Developments

Developments in Poland in 1980 and 1981 dramatize many economic problems that on a smaller scale have also confronted the rest of Eastern Europe in recent years. These include a material deceleration in economic growth, surging costs of energy and manufactured goods imported from the West, and resultant increases in hard-currency deficits and debt burden.

Economic stagnation and excessive debt are by no means unique to Eastern Europe, but centrally planned economies have not experienced these problems before. They have surfaced rather unexpectedly in the last few years, and quite dramatically in 1981. This has created economic conditions that conflict sharply with the public's expectations of meaningful economic improvements. Eastern Europeans were jolted into realizing that living standards would rise much more slowly, if at all, than their governments had promised earlier. Catching up with the West became again a distant goal.

1/ Journal of Commerce, Nov. 26, 1981, p. 23B.

According to Western analysts, many of the region's current problems have their origins in earlier economic policies of Eastern European governments and in the inefficiencies inherent in the central economic planning systems of these countries. In more recent years, developments beyond the control of Eastern Europe have been added to these domestic causes. The external pressures included recession and protectionism in some market economies which have raised new barriers against Eastern European exports. Simultaneously, Eastern European countries have faced rising prices—payable in hard currency--for their imports, especially of petroleum. In the last 2 years, the Polish crisis itself caused considerable economic problems for the other Eastern European countries.

The first year of the current FYP's of all Eastern European countries was 1981. In these FYP's and in their annual plans for 1981, Eastern European governments generally continued the restrictive growth policies that they began during the previous (1976-80) FYP's. These plans called for curtailing investments in some sectors (especially those requiring hard-currency expenditures) in order to free more resources for operations that could produce exports to hard-currency areas, and to protecting existing living standards. Hard-currency exports had to expand rapidly to compensate for the deterioration in the terms of trade that has been experienced by the region and for servicing the growing debt burden.

For 1982, investment targets are reported below 1981 levels in all Eastern European countries. 1/ Economic growth targets designated for the remaining 4 years of the FYP's—and still undergoing constant revisions--reflect the lowered expectations of Eastern European governments. Only East Germany plans to maintain its current rate of growth.

Eastern European countries must rely on energy imports from world markets and/or from the Soviet Union. 2/ The surge in petroleum prices in the late 1970's therefore enlarged the hard-currency deficits of Eastern European countries and raised the hard-currency debt level sharply across the bloc. Meanwhile, the Soviet Union began to restrict its exports of subsidized oil to Eastern Europe, thereby adding to the region's balance of payments crunch. In 1981, the Soviets restricted their oil deliveries to Eastern European countries to the level of 1980 shipments. Recently, they informed the Council for Mutual Economic Assistance (CMEA) partners that beginning in 1982, shipments will be reduced by an additional 10 percent. 3/

In 1981, Poland experienced a third successive year of economic decline. The Polish crisis disrupted other Eastern European economies by depriving them of important supplies such as coal, sulphur, electronic instruments, and ball bearings. Other intra-CMEA supply disruptions were also reported during the year, such as in the flow of electricity from Romania to Czechoslovakia. 4/

1/ Business Eastern Europe, Jan. 1, 1982.

2/ Although Poland has large coal reserves and therefore is potentially a net energy exporter, labor unrest in the coal industry during the last 2 years ha seriously upset its energy balance. Romania, which used to be self-sufficient in crude oil, became a net importer as its large petroleum refining industry, established in the late 1970's, generated additional demand for crude oil.

3/ IMF Survey, Feb. 8, 1982, p. 45.

4/ The Washington Post, Dec. 11, 1981, p. A34.

Eastern European countries were also affected in other ways by the Polish crisis. They had to share the plight of the Poles by extending assistance to them. Moreover, the Polish credit crisis had an adverse effect on the other Eastern European countries by making their access to Western credit much more difficult.

Food shortages were more prevalent in Eastern Europe in 1981 than in prior years. Food rationing in various forms was insituted in Romania and Czechoslovakia as well as in Poland. Hungary and Bulgaria issued regulations during the year forbidding visitors to take food out of the country. Romania made the hoarding of food punishable by imprisonment. 1/

The region's food problems resulted, in part, from the generally poor harvests of recent years which, except in Poland, were repeated in 1981. Other causes included the policies of rapid industrialization that have been followed for years by Eastern European governments, leading them to shortchange agriculture. The typical inefficiency of collective agriculture in centrally planned economies has contributed materially. Analysts also emphasize that the heavy subsidization of food prices in the region had to lead inevitably to food shortages. For years, artificially low retail prices for food in Eastern European countries have boosted demand well beyond available supplies, encouraging imports and discouraging domestic food production. 2/

In some Eastern European countries, most notably in Poland, the 1981 food situation was aggravated by now well known political circumstances. In Romania, authorities reportedly diverted food from domestic consumption to exports in an effort to meet their payments obligations. Only Hungary and Bulgaria were relatively free from the region's food problems, apparently because, unlike the other Eastern European countries, they both allowed food prices to rise. 3/ In contrast to the Poles, the Hungarian and Bulgarian public did not protest against these price increases.

In the first years of "detente," the Eastern Europeans apparently overestimated the benefits they could expect from increased East-West trade. However, more recently, and especially in 1981, they have been forced to face the real costs of this trade. In the early 1970's, planners set out to develop selected industries, relying on Western technology and other inputs for which they had to borrow heavily. Analysts have now concluded that centrally planned economies were generally not able to utilize the imports of Western investment goods efficiently and cost effectively. 4/ Meanwhile, the unexpected surge in the late 1970's in the price of imported oil (and in the prices of some other imported raw materials and technology) and the simultaneous deterioration of export opportunities to hard-currency areas have further upset the calculations of Eastern European governments.

1/ The Economist, Dec. 26, 1981, p. 14.
2/ Ibid., p. 14.
3/ Ibid.
4/ Marshall I. Goldman, "Polish Economic Disease Spreads," Boston Globe, Nov. 8, 1981.

In about 1978, considerable trade deficits with the West and rapidly growing hard-currency debt caused most Eastern European governments to reassess their trade with market economies. They subsequently began to curtail those investments that required Western technology and to restrict imports of consumer goods that had to be paid for with hard currency, while strengthening the emphasis on earning hard currency through exporting. Despite these measures, Eastern Europe's debt burden continued to rise as heavy debt-service payments became due, and the deterioration in the terms of trade had to be paid for with additional exports.

Western lenders, too, seem to have overestimated the ability of Eastern European countries to cope with their debt burden. At yearend 1981, aggregate Eastern European debt was estimated at $58 billion, of which Poland's debt alone was $22.5 billion. 1/ By early in 1981, it became clear that Poland was unable to keep up with its payments, and Western governments agreed in April to reschedule the payments due in 1981. Nonetheless, Poland continued to have difficulties in meeting its rescheduled obligations to Western governments and banks. 2/ Subsequently, Romania, with a hard-currency debt estimated at some $10 billion at the end of 1981, 3/ also encountered difficulties in meeting its repayment schedule to creditors during the year. 4/

Observers comment that the situations of Poland and Romania have alerted Western governments and banks that although the Soviet Union may extend assistance in specific situations, it does not guarantee Eastern European debt. 6/ Discovering their risk, lenders apparently began questioning the soundness of their loans to all Eastern European countries. This new Western distrust is now believed to affect even those Eastern European countries that have relied comparatively little on Western financing, like Bulgaria and Czechoslovakia.

Romania is currently the only Eastern European member of the International Monetary Fund and the World Bank. This status generally strengthens a country's access to credit, provided it can fulfill certain conditions. However, Romania violated these conditions by missing repayment schedules to the IMF in 1981. The IMF thereupon canceled its line of credit to Romania, and requested certain economic reforms from the Romanian Government before considering the resumption of credit. Two other countries--Poland and Hungary--applied for IMF and World Bank membership in the fall of 1981, with the apparent objective of improving their chances for Western financing.

While Eastern European countries shared most of the problems discussed in this section, the typical disparities among them also persisted in 1981. East Germany continued to be the most highly industrialized Eastern European country, boasting the highest living standard in the region. East Germany's

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2/ Wharton Econometrics Forecasting Associates, Centrally Planned Economies' Service (hereafter, Wharton econometrics service).

3/ See the section on Poland.

4/ Wharton econometrics service.

5/ See the section on Romania.

6/ Marshall I. Goldman, op. cit.

accomplishments were attained within the framework of a Soviet-style central system of planning and management. In 1981, East Germany was the only Eastern European country that apparently met a relatively ambitious annual growth target (5 percent) and that also planned to maintain a growth rate of 5 percent a year throughout its current FYP. 1/ However, some Western experts doubt the feasibility of this goal in view of East Germany's serious labor shortage and its high dependence on imported materials. These analysts believe that sustained growth in East Germany will threaten the country's balance of payments with further deterioration and make its debt burden excessive. 2/ East Germany's debt at the end of 1981 is estimated to have been $12.8 billion. 3/

Hungary's economic performance is generally regarded as second in the bloc after East Germany's. In sharp contrast with East Germany's fully centralized system, Hungary is known as the leader in the region in implementing economic reforms that aim at decentralization of planning and management and at reliance on market forces.

Unlike East Germany, which transacts about 70 percent of its trade with the U.S.S.R., some 40 percent of Hungary's trade is with the West. In October 1981, Hungarians merged their dual exchange rate into a single rate. 4/ This paves the way for achieving the external convertibility of the forint (the Hungarian currency), 5/ which is to take effect sometime during 1982. This move is unprecedented for a Soviet bloc country, and underscores Hungary's strong, continued interest in economic ties with the West.

Poland and, to a smaller extent, Romania had the most troubled economies during the year. In Poland, labor unrest and political turmoil caused grave economic disruptions and severe declines in all areas of production except agriculture. Both Poland and Romania suffer from the consequences of poor investment decisions their Governments made some time ago. Several major projects in these countries, which required vast hard-currency expenditures, subsequently proved unproductive and cost ineffective. The establishment of Romania's costly petroleum-refining industry, which has to rely in part on expensive imported oil, is now regarded a costly mistake. These misinvestments are now believed to account for a major part of both countries' indebtedness and other economic problems.

1/ See the section on East Germany.

2/ G. Fink, An Assessment of CMEA Countries Hard Currency Debt, Occasional Paper No. 72, The Vienna Institute of Comparative Economic Studies, September 1981.

3/ Wharton econometrics service.

4/ See the section on Hungary.

5/ Limited external convertibility will allow Western suppliers of Hungary to receive payments from Hungarian firms in forints, which they can hold on deposit at the National Bank of Hungary or exchange for hard currency. Hungary expects this change in policy to greatly improve its international creditworthiness.

U.S. Trade With Individual Countries of Eastern Europe

Romania

Romania's total trade turnover with the United States was third highest among the NME's in 1981. Only U.S. trade with China and the U.S.S.R. were higher. Romania is one of four NME's to receive most-favored-nation treatment from the United States and the only NME that the United States designates as a beneficiary under the Generalized System of Preferences.

The total value of trade between the United States and Romania was $1.06 billion in 1981, representing an increase of only 3.2 percent from that in 1980 (table 16). While U.S. imports from Romania increased by 80 percent, exports to Romania declined by 30 percent. As a result, the United States had a trade deficit with Romania of approximately $55.6 million. The last time the United States had a deficit in its trade with Romania was in 1978.

The major reason for the change in the balance of U.S.-Romanian trade probably was the hard-currency shortage faced by Romania, which forced the Romanians to restrict their purchases from the West and motivated them to increase their sales to the West.

The Romanian hard-currency shortage is aggravated by its need to service a foreign debt estimated at $10 billion to $14 billion. This debt is owed to banks, corporations, and governments of market economy countries, and to the World Bank and International Monetary Fund. The problem is particularly severe because the debt is structured so that a large part of it comes due in 1981 and 1982.

So far, the Romanians have avoided defaulting on their debt. Of the $2.4 million in Western credits that came due in 1981, they have repaid all but $750 million to $800 million. 1/ However, Romania's debt payments have often been late, and it has had to arrange with several of its creditors to defer certain payments.

Romania has applied to the IMF for aid in its debt problems. Romania is the only CMEA member that belongs to that organization. In June, the IMF approved a line of credit for Romania of approximately $1.28 billion that was to run for 3 years. However, in November, this line of credit was canceled, because Romania had missed certain debt payments. The IMF wants Romania to make significant economic reforms before financial assistance is resumed.

A major cause of Romania's shortage of hard currency is the large increase in crude oil prices that has occurred in recent years. Romania based much of its industrial development on energy-intensive sectors like petrochemicals and petroleum refining. In recent years, Romania's petroleum reserves have dwindled, so it has imported an increasing share of its petroleum supplies. Romania has been a net importer of petroleum since 1976; it has imported more crude petroleum than it has produced since 1979.

1/ Business Eastern Europe, Jan. 22, 1982, p. 27.

Table 16.—U.S. trade with Romania, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	178,831	339,036	328,230
1	Beverages and tobacco	-	-	7,046
2	Crude materials--inedible, except fuel	191,848	165,135	75,527
3	Mineral fuels, lubricants, etc	29,114	81,207	41,047
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	4,652	5,526	5,526
6	Manufactured goods classified by chief material	10,476	25,275	10,827
7	Machinery and transport equipment	76,399	90,090	29,463
8	Miscellaneous manufactured articles	8,757	13,528	5,911
9	Commodities and transactions not elsewhere classified	386	433	313
	Total	500,464	720,231	503,890
		U.S. imports		
0	Food and live animals	30,778	26,969	24,580
1	Beverages and tobacco	763	1,657	1,790
2	Crude materials--inedible, except fuel	11,920	9,081	6,589
3	Mineral fuels, lubricants, etc	55,146	44,483	149,124
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	7,805	10,745	6,912
6	Manufactured goods classified by chief material	64,559	57,751	171,134
7	Machinery and transport equipment	56,360	68,317	90,439
8	Miscellaneous manufactured articles	101,158	91,106	108,528
9	Commodities and transactions not elsewhere classified	562	451	353
	Total	329,051	310,561	559,449

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Romania has responded to its energy shortage by increasing conservation and by developing new domestic sources of energy. The latter include offshore oil wells, coal, and nuclear power. A Canadian-built nuclear plant is under construction and is expected to become operational by 1985. A consortium of General Electric and an Italian firm will provide some equipment for this plant. 1/ Romania is negotiating contracts for additional nuclear reactors with Canada.

Also attributable to the shortage of hard currency is the increased emphasis on countertrade. Romania enacted a new trade law in 1981 that requires all organizations without earned hard currency to arrange for 100-percent countertrade for any purchases from hard-currency countries. The law also allows increased flexibility in countertrade arrangements. Romanian foreign trading organizations may now offer Western suppliers a wider variety of goods in countertrade and a longer period to fulfill their agreement to purchase Romanian products. A longer fulfillment period gives the Western trader more time to find desirable Romanian goods to accept in countertrade. A major recent countertrade agreement is General Electric's $142-million agreement to provide turbines for the new nuclear power station. GE had to accept 100-percent countertrade, but negotiated an 11-year fulfillment period. The normal fulfillment period in a countertrade agreement is between 2 and 3 years. 2/

Another way the Romanians are reacting to their shortage of hard currency is to increase the share of their trade that is conducted with other CMEA members. In the past, about 35 percent of Romania's trade has been with these countries. 3/ Romania's leaders now wish to increase that share to 48 percent. 4/ In 1981, they signed a trade agreement with the U.S.S.R. that envisions a substantial increase in trade between the two countries. However, Romania is unlikely to curtail sharply its trade with non-CMEA countries. For its economy to grow at the rate targeted in its 5-year plan, Romania will need technology and equipment not available from the CMEA suppliers. Nor are the Romanians likely to be able to significantly increase their purchases of crude oil from the CMEA area. The Soviet Union, the only other major producer of crude oil in the CMEA, is unlikely to be willing to increase substantially its petroleum exports to Romania. In 1981, at the CMEA meeting held in Sofia, Bulgaria, Romania asked to double by the share of its fuel, raw material, mineral, and metal imports supplied by the CMEA, from 21 to 42 percent by 1985. The other CMEA members only agreed to an increase to 38 percent. 5/

1/ General Electric's participation was supported by an Eximbank loan to Romania of $120.7 million. See the section on "Developments in U.S. Commercial Relations with Eastern Europe" in this report.

2/ *Business Eastern Europe*, June 12, 1981, p. 188.

3/ Ibid., Nov. 27, 1981, p. 380.

4/ *Intereconomics*, May/June 1981, p. 148.

5/ *Business Eastern Europe*, July 24, 1981, p. 237.

The United States is one of Romania's largest Western trading partners, ranking second after West Germany. In 1980, the last year for which complete trade data are available, the United States accounted for 10.2 percent of the industrialized West's imports from Romania and 19.9 percent of the industrialized West's exports to Romania. 1/

In 1980, the nine countries of the European Community accounted for 79.0 percent of the industrialized West's imports from Romania and 63.1 percent of the industrialized West's exports to Romania. 2/ In 1980, Romania became the first CMEA member to independently negotiate a trade agreement with the EC. The agreement between the EC and Romania entered into force at the start of 1981 and will continue until 1985. 3/ It is too early to judge how this agreement will affect U.S. trade.

U.S. exports.--Food (SITC Section 0) was the largest category of U.S. exports to Romania; it accounted for over $328 million, or 65 percent of total exports in 1981 (table 16). Food exports declined only by 3 percent from their 1980 level, much less than the decline in total U.S. exports.

Total agricultural exports declined by 20 percent in 1981 to just over $368 million, and nonagricultural exports declined by 47 percent. Agricultural products accounted for 64 percent of total U.S. exports to Romania in 1980 and for 73 percent in 1981. Agricultural exports probably fared better because of serious difficulties in the Romanian farm sector, including a summer drought that seriously damaged the corn crop. U.S. exports of corn to Romania increased by 43 percent to $227 million in 1981, but because wheat exports declined by 91 percent, total exports of cereal grains declined 5 percent to $235 million. This was 64 percent of total U.S. agricultural exports to Romania. Romania's agricultural difficulties led to widespread food rationing in 1981. The Government, probably fearing that continued food shortages could lead to widespread unrest similar to that experienced in Poland, has announced a program of intensive efforts to improve Romanian agriculture.

Crude materials (SITC Section 2) was the second largest category of U.S. exports to Romania. It accounted for $76 million, or 15 percent of total U.S. exports to that market in 1981. These exports declined 54 percent from their 1980 level. In 1980, cotton, cattle hides, and soybeans composed the bulk of crude materials exports to Romania. In 1981, the value of cattle hide exports fell 23 percent. Soybean exports fell 71 percent; however, exports of soybean oil, cake, and meal (SITC Section 0) rose 25 percent. The total value of soybeans and soybean oil cake and meal exported to Romania fell 20 percent.

1/ U.S. Department of Commerce, International Trade Administration, U.S.-Romanian Trade Trends, January-June 1981, October 1981, pp. 13 and 15. The term "industrialized West" refers to the following countries: Austria, Belgium-Luxembourg, Canada, Denmark, Finland, France, Ireland, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the United States, and West Germany. Further references to industrialized West or industrialized Western countries in this section on "U.S. Trade With Individual Eastern European Countries" denotes this group of nations.

2/ Ibid.

3/ For further information on this agreement, see the section on "Developments in U.S. Commercial Relations with Eastern Europe" in this report.

Romania is shifting its purchases from soybeans to soybean meal because of inadequate supplies of processing chemicals and a desire to save the energy that would be used in processing. 1/ U.S. cotton exports almost completely disappeared, because the Commodity Credit Corporation limited its lending to Romania, and that country preferred to use its CCC credit for financing other agricultural commodities. Romania probably replaced the U.S. cotton with imports from the U.S.S.R., traditionally its leading supplier of that good.

One crude material export that rose in 1981 was sulfur. In 1981, the United States exported over 22 million dollars' worth of elemental sulfur to Romania, representing an increase of 208 percent over the 1980 level. Sulfur exports accounted for 29 percent of all crude material exports and for 4 percent of total U.S. exports to Romania. Sulfur exports rose because of production cutbacks in Poland, traditionally Romania's leading supplier of sulfur.

Mineral fuels (SITC Section 3) was the third largest category of U.S. exports, accounting for $41 million, or 8 percent of total exports. These exports fell by 49 percent from their 1980 level. Exports in this category consist almost entirely of coal. These exports probably declined because of Romania's drive to reduce its consumption of all forms of energy and to develop its domestic reserves of coal.

U.S. imports.--Manufactured goods classified by chief material (SITC Section 6) was the largest category of U.S. imports from Romania; it accounted for over $171 million, or 31 percent of the total value of these imports in 1981. Imports in Section 6 rose 196 percent from the 1980 level. These imports consisted mostly of steel and glass products. Steel imports increased dramatically in 1981, while glass imports grew only slightly.

Steel plate accounted for 51 percent of the value of imports in SITC Section 6 and for 16 percent of the total value of U.S. imports from Romania. The tonnage of carbon steel plate imported from Romania increased 677 percent between 1980 and 1981. In 1980, Romania supplied 2 percent of U.S. imports of carbon steel plate; in 1981, Romania supplied 13 percent of these imports. In 1980, Romanian imports were 0.4 percent of apparent U.S. consumption of carbon steel plate; in the first 11 months of 1981, they were 3.3 percent of apparent U.S. consumption. These imports increased in part because the Romanians opened a new steel plate mill in 1981, thereby substantially increasing their platemaking capacity. 2/ Steel oilwell casing accounted for 14 percent of imports from Romania in SITC Section 6. Imports of oilwell casing increased 268 percent over their 1980 level. U.S. demand for this product has greatly increased because of increased oil exploration.

Glass and glass products made up 11 percent of imports in SITC Section 6. These imports grew by only 2 percent over their 1980 level. In contrast, total U.S. imports of glass and glass products from all sources grew by 10 percent.

1/ U.S. Department of Agriculture, "Attache Report: RO-1016," July 1, 1981.

2/ Steel plate imported from Romania was the subject of recent Commission investigation. See the section on "Developments in U.S. Commercial Relations with Eastern Europe" in this report.

Mineral fuels and lubricants (SITC Section 3) was the second largest category of U.S. imports from Romania; it accounted for over $149 million, or 27 percent of U.S. imports in 1981. These imports increased by 235 percent from those in 1980. Two petroleum distillates, gasoline and naphtha, accounted for 94 perent of the value of these imports.

Miscellaneous manufactured articles (SITC Section 8) was the third largest category of U.S. imports from Romania; it accounted for $109 million, or 19 percent of the total value of imports in 1981. These imports rose by 19 percent over their 1980 level. The major products imported by the United States from Romania in this category are apparel and footwear. In 1981, textile and footwear imports from Romania increased by 19 percent; U.S. imports of those products from all sources grew by only 10 percent. However, imports of footwear from Romania declined by 6 percent, while total U.S. footwear imports grew by 5 percent.

Machinery and transport equipment (SITC Section 7) was the fourth leading category of U.S. imports; it accounted for over $90 million, or 16 percent of imports in 1981. These imports rose 32 percent over their 1980 level. The leading product in this category was passenger railway cars, which accounted for 14 percent of these imports. These cars are imported as kits, which are assembled after they are brought to the United States. Farm tractors account for 12 percent of machinery and equipment imports from Romania.

Otherwise dutiable goods accounting for 19 percent of all imports from Romania entered the United States duty free under the provisions of the Generalized Systems of Preferences. In 1980, Romania asked the United States to extend GSP treatment to four additional products: poppy seed, unwrought nonalloyed aluminum, unwrought alloyed aluminum, and fine-grained earthenware and stoneware household ware. As a result of the U.S. administration's 1980 review of GSP eligibility, the first three items were added to the list of products eligible for GSP treatment; the fourth item was not added.

Poland

Once the world's 10th largest industrial economy, Poland teetered on the verge of economic collapse throughout 1981. According to official Polish statistics, the economy performed abysmally in 1981. National income fell by 13 percent (in constant prices) to its lowest level in 7 years; industrial output dropped for the third year in a row. Poland's exports dropped by 15 percent, and imports fell by 12 percent. The country's trade deficit topped $2 billion, up about 8 percent from the 1980 high. 1/

The value of U.S.-Polish trade fell for the second year in a row, dropping over 7 percent from the previous year's level (table 17). 2/ Imports from the United States were off by 4 percent; exports to the United States

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1/ Data are based on a summary of Poland's 1981 economic results by the Polish Central Statistical Office, in Trybuna Luna, published on Jan. 19, 1982, as noted in a report from the U.S. Embassy, Warsaw. Unless otherwise indicated, all statistics regarding Polish economic performance in this section are based on that report.

2/ Data are based on official statistics of the U.S. Department of Commerce. Unless otherwise indicated, all statistics concerning U.S.-Polish trade were derived from this source.

Table 17.--U.S. trade with Poland, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	508,520	447,867	531,527
1	Beverages and tobacco	13,369	11,831	9,360
2	Crude materials--inedible, except fuel	127,975	143,555	60,118
3	Mineral fuels, lubricants, etc	355	53	30
4	Oils and fats--animal and vegetable	29,391	10,440	14,373
5	Chemicals	17,793	16,884	12,107
6	Manufactured goods classified by chief material	15,747	15,223	4,091
7	Machinery and transport equipment	60,979	53,160	35,957
8	Miscellaneous manufactured articles	10,281	9,193	6,946
9	Commodities and transactions not elsewhere classified	1,848	2,239	6,037
	Total	786,258	710,446	680,547
		U.S. imports		
0	Food and live animals	168,066	159,190	113,124
1	Beverages and tobacco	520	1,152	1,144
2	Crude materials--inedible, except fuel	3,306	1,652	3,999
3	Mineral fuels, lubricants, etc	20,838	9,542	1,439
4	Oils and fats--animal and vegetable	1,550	1,996	1,047
5	Chemicals	22,638	23,324	15,353
6	Manufactured goods classified by chief material	80,666	96,430	110,901
7	Machinery and transport equipment	46,616	49,461	47,197
8	Miscellaneous manufactured articles	81,151	71,501	63,669
9	Commodities and transactions not elsewhere classified	738	671	2,064
	Total	426,090	414,919	359,939

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

declined by just over 13 percent. A substantial cut in shipments of canned hams to the United States accounted for much of the import decline. U.S. exports to Poland of virtually everything except agricultural items suffered in 1981. The Polish Government restricted imports to raw materials, medicines, chemicals, and food, and thus a substantial drop in U.S. sales of machinery and equipment to Poland occurred during the year. Because of the country's lack of hard currency and ongoing rescheduling negotiations during the year, financing of capital goods purchases was extremely difficult to obtain. U.S. agricultural sales to Poland remained close to their 1980 levels, owing, in large part, to unprecedented levels of U.S. Government-backed credits for bulk commodity sales. 1/ With the falloff in other product areas, agriculture's share of total U.S. exports to Poland increased to over 87 percent, up from 80 percent in 1980. In terms of value, Poland was the United States's fourth-ranking NME trading partner in 1981, dropping below Romania for the first time. The United States retained a positive balance of trade with Poland, registering a $321 million merchandise trade surplus in 1981.

Poland's current economic woes can be traced to an ambitious industrialization program launched early in the 1970's. Under this program, long-term growth was to be achieved by the development of heavy industry, requiring substantial imports of capital equipment and technology—mostly bought with Western credits. The debt incurred to finance this investment was to be paid off through higher export sales to the West of manufactured goods, including textiles, steel, and other industrial products. Agriculture and light industry were programed to decline in importance, and investment in these sectors was slashed. During the first half of the decade, this strategy scored some limited successes. National income rose, and industrial production increased. Imports from the West accelerated, and growing interdependence with the West—both as a source of capital equipment and food and as a market for goods—was the result. The composition of U.S. imports from Poland changed, with manufactured goods assuming an important role.

Meanwhile, exports to the industrial nations were below expectations because Western recovery from the 1974/75 "oil shock" recession was both slow and weak. Western countries were also experiencing persistent problems of economic adjustment in basic industries like steel and textiles (where Poland had anticipated large export gains).

In an effort to stem balance-of-trade deficits, resulting from lackluster export performance and record imports of capital goods, in 1976 the Polish Government decided to slow the pace of industrialization. A succession of poor harvests and social unrest fueled the economic decline; sharply rising investment payments on its short- and medium-term hard-currency debt were also a serious drain on the country.

The Polish economy was plagued with severe supply shortages in 1981. The dearth of goods was complicated by a near-collapse of the distribution system. Although purchasing power (money incomes adjusted for price increases) was virtually unchanged from the previous year, the production falloff meant that few, if any, goods were available for sale at any price.

1/ See section on "Developments in U.S. Commercial Relations with Eastern Europe," above.

Virtually everything, from bread to vodka and from bolts to electricity, was in short supply. According to Fortune, the country faced "the worst economic disaster to befall any European country since the devastation of World War II." 1/ It was, however, just the culmination of a series of crises over the past two decades—the kind of economic debacles that sparked unrest in the country in 1956, 1968, 1970, 1976, and--most recently--in 1980.

In an effort to restore stability to Poland's faltering economy, newly elected Prime Minister General Jaruzelski announced in April plans for reform of industry and agriculture, including the decentralization of decisionmaking and the adoption of more market-oriented production, distribution, and pricing schemes. At the same time, he called for a 3-month moratorium on strikes. Rationing of most essential goods was imposed later in the same month. The Communist custom of 5-year planning was suspended for 1981-85 in favor of a 3-year economic stabilization program that was outlined in June 1981. The plan allowed for a drop in economic output and provided for the transfer of resources from heavy industry to agriculture. 2/ An austere policy of restricting all but the most essential imports from the West and curbing domestic investment was already in place. In the plan, the Government predicted a 10 percent drop in industrial production.

By the end of 1981, industrial production had actually fallen by almost 20 percent. Output declined in all industrial sectors. This drop was particularly marked in the iron, steel, nonferrous metals, coal, building materials, printing, and motor-vehicle sectors. 3/ Nevertheless, U.S. steel plate imports from Poland grew at a rapid pace during the year, increasing 102 percent from the 1980 level. Poland's share of the U.S. steel import market rose from 3.6 percent in 1980 to 5.4 percent in 1981.

Production of coal, Poland's prime hard-currency earner and leading domestic fuel source, fell by almost 16 percent. Indeed, the Government announced in July that thousands of soldiers were being sent to work the mines to combat the serious production slump. Reasons for the shortfall include the elimination of the "four brigade system" that had insured the continuous operation of the mines, the granting of work-free Saturdays, and the lack of parts for mining equipment. Because of the drop in coal output in 1981, Poland's coal shipments to the U.S. fell by over 85 percent during 1981. Coal exports to the world fell to one-half their 1980 level.

In 1980, Poland and the United States accounted for over half the 200 million metric tons of coal traded internationally. Of the coal it exported in 1980, Poland sold approximately 35 percent in the West for hard currencies and 65 percent to the Soviet bloc. Western Europe depended on Poland for 30 percent of its coal needs. 4/ In 1981, the United States and South Africa picked up some of the slack by supplying coal to Poland's traditional customers, some of them in the Soviet bloc.

1/ "Poland's Economic Disaster" by Robert Ball, in Fortune, Sept. 7, 1981, pp. 42-48.

2/ The Government's shift from investment in industry to private agriculture may not alter production significantly. Because overall investment has been slashed, actual outlays for agricultural investment may not improve in real terms.

3/ In 1980, according to the International Iron and Steel Institute in Belgium, Poland was the world's eighth largest steel producer.

4/ Journal of Commerce, Apr. 13, 1981, p. 1A.

The one bright spot in Poland's economic picture was a good harvest during the 1981 crop year—Poland's second good harvest in 8 years. In constant prices, the value of agricultural production rose by 4 percent from the 1980 level. Plant production was up by 20 percent, and meat production was down by 13 percent. The 1980 harvest had been the worst in a decade; the sugar beet and potato harvests were calamitous. The 1981 sugar beet harvest was nearly twice as high as the 1980 crop. The harvests of potatoes and other animal feeds were also markedly higher than the previous year's levels, paving the way for stronger performance in the livestock sector in 1982. According to preliminary data, production of butter was down more than 19 percent from the 1980 level, and the fish catch fell by the same percentage. 1/

While 25 percent of Poland's farms are Government-owned, the private sector is reputedly much more efficient than the bureaucratic state-run farms. Even so, the central authorities exert considerable influence over private farming activities through their control over product selection, fertilizer supplies, and land allocation, among other things. Private farms produced 80 percent of Poland's agricultural output in 1981.

Farming supplies were critically short during the year. The lack of spare parts (especially batteries and tires) for agricultural machinery and shortages of fertilizer, herbicides, and animal feed all contributed to the less-than-spectacular agricultural performance in 1981. Also, because of disastrous yields in 1980, Poland had to import significant quantities of food in 1981 to meet supply shortfalls.

Despite a drop of 12 percent in labor productivity, 2/ nominal wages rose by nearly 25 percent during the year. However, the cost of living rose by at least that much, jumping 58 percent for goods bought at private stores and 21 percent for those bought at state stores. In spite of the introduction of work-free Saturdays, shorter weekday working hours, and strikes, the number of hours worked dropped by only 8 percent. Beyond the falloff in man-hours, the drop in productivity can be explained by shortages in fuel and raw materials, lack of spare parts, and an unprecedented drop in investment estimated at almost 50 percent. Over 70 major investment projects were cancelled during the year, according to official statistics, and at least 1,500 investment projects were postponed.

The rise in the wage level and the short supply of many goods increased pressure on Poland's inflexible command pricing system. By failing to absorb excess purchasing power with a hike in officially controlled prices, the Government spurred day-long waiting lines in the shops. Perhaps to avoid the potentially explosive social fallout, the Government continued to keep consumer prices of most goods well below their cost of production (as it has since 1970), limiting the rise in state prices to the Polish worker to just over one-fifth from the 1980 level. The net subsidy provided on consumption of these goods thus rose 40 percent from the previous year, costing the country an estimated $8 billion in 1981. 3/ The cost to the Government of

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1/ Journal of Commerce, Sept. 17, 1981.

2/ In spite of this generally bleak performance, productivity increased in some sectors. Some Government reports claim that industrial production began to improve in August 1981.

3/ Financial Times, July 2, 1981, p. 2.

such subsidies in the past decade is estimated to be more than $39 billion. 1/ The Government did allow real prices to rise to near market levels through the mechanism of the black market. The black market flourished, with goods commanding up to six times the prices of similar goods in the Government shops.

Meanwhile, farmers increasingly refused to sell their produce at the Government's low offering price. Official statistics indicate that shipments of consumer goods to state retail outlets fell by over 10 percent. In April, the Government introduced rationing of such staples as meat, butter, milk, bread, rice, cigarettes, alcohol, and sugar. Deliveries of meat to the Government fell by nearly 18 percent. Food supplies were so depleted that many shops were unable to provide the quantities necessary to fulfill rations. An attempt in the last 3 months of the year to induce farmers to provide more goods to the state proved futile. The Government upped the offering price for milk, livestock, and grains, but in October, for example, deliveries of grain to the state were down nearly 30 percent from the 1980 level. 2/ There remained some incentive for exchange with the central authorities, because some essential goods—notably coal and fertilizer—are only obtainable from the Government. Despite the hoarding of production, the Government did not impose mandatory shipments to state stores during the year.

Poland maintained its substantial trade links with the Soviet bloc, increasing its imports by 2 percent. Exports to these countries (including the Soviet Union) fell by 10 percent. Particularly marked decreases in shipments were evident in coal, sulfur, coke, copper, chemicals, and oil products. 3/

Approximately 50 to 60 percent of Poland's trade is with other CMEA countries. 4/ Nearly a third is with the Soviet Union, and half of its sales to that country are in the machinery and industrial equipment sector. In return, the Soviets supply Poland with about 95 percent of its crude oil, about 45 percent of its natural gas, 84 percent of its iron ore, and up to 25 percent of all raw materials used in Polish manufacturing. 5/ (Soviet oil shipped to its CMEA partners has been priced at about half the prevailing world price. 6/) Nevertheless, the Soviets only supplied 1 percent of Poland's food needs in the first half of 1981, and between 10 and 15 percent of its machinery needs. 7/

As Poland consistently failed in 1981 to supply promised coal, sulfur, and other manufactured goods to its CMEA partners, signs of dislocation in the whole Soviet bloc became evident. All Soviet bloc countries depend in varying degrees on Polish-made manufactured goods, such as electronic instruments and ball bearings. Economic specialization arrangements within the bloc call for Poland to supply electronic instruments, aircraft parts, ships, rolled metal, and parts for nuclear power plants for the Soviet Union in return for guaranteed supplies of energy and raw materials.

1/ Journal of Commerce, June 16, 1981, p. 11A.
2/ Washington Post, Nov. 27, 1981, p. A1.
3/ Business Eastern Europe, Apr. 17, 1981, p. 124.
4/ 27th Quarterly Report . . ., p. 48.
5/ Journal of Commerce, Oct. 21, 1981, p. 23B.
6/ Ibid., Dec. 11, 1981, p. 1A.
7/ Business Week, Oct. 26, 1981, p. 27.

Trade with the West deteriorated substantially in 1981, with exports falling by over 20 percent and imports down by nearly a third. Significant factors in this decline were the virtual elimination of imports of crude oil from all countries but the Soviet Union and a large drop in imports of manufactured goods. Traditionally, manufactured goods account for a substantial share of Polish imports from Western Europe, and these were particularly hard-hit by the country's financing problems. Fully half of Poland's imports from the West were of agricultural products in 1981. Purchases of grains from the industrial West fell by 11 percent, and imports of other foodstuffs rose nearly a third. Most of that increase was accounted for by meat imports, which jumped to four times their 1980 level. Butter imports increased fourfold, lard imports increased sixfold, and potato flour imports doubled.

Poland's external debts to the East and the West rose in 1981. The debt to the Soviet bloc more than doubled, to over $4 billion. This figure was dwarfed by Poland's debt to the West, which stood at just over $26 billion at the end of 1981—up 16 percent from 1980's level. About $3 billion was due to be repaid to Western creditors in 1981, roughly divided between governments and commercial banks. 1/

The imposition of martial law in Poland on December 13 spurred President Reagan to take unilateral steps against the Soviet Union and Poland, including measures affecting U.S.-Polish trade relations. Among the actions against Poland outlined on December 23 were (1) the suspension of U.S.-backed shipments of agricultural and dairy products; (2) withdrawal of Poland's fishing privileges in U.S. waters; (3) suspension of Poland's civil aviation privileges in the United States; and (4) prohibition of renewed Eximbank export credit insurance for Poland. Certain emergency food and medical supply shipments were exempted for humanitarian reasons. President Reagan indicated that if the Polish Government chose to abide by its commitments to honor basic human rights, "we in America will gladly do our share to help the shattered Polish economy." 2/

In view of the major role agriculture has played in overall U.S. exports to Poland, accounting for 87 percent of all U.S. imports to that country in 1981, the cutoff of U.S. Government-supported commodity shipments is expected to have a most dramatic impact on U.S.-Polish trade in the future. Virtually all commodity sales in 1981 were financed under guarantee by the U.S. Government. The suspension of fishing privileges is also expected to have an effect on future trade results—Poland exports substantial quantities of frozen fish, some of which was caught in U.S. waters.

U.S. exports.—Total U.S. exports to Poland were lower than the 1980 level, dropping 4 percent to $680.5 million. However, the composition

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1/ For a more detailed discussion on the Polish debt situation, see the 28th Quarterly Report . . ., pp. 59-63.

2/ Weekly Compilation of Presidential Documents, vol. 7, No. 52, pp. 1404-1407. In his statement, President Reagan called for the lifting of martial law, the freeing of detainees, and the restoration of the rights of Poles to freedom of speech and association.

of U.S. sales to Poland changed significantly. Agriculture's share of U.S. exports to Poland rose to nearly 90 percent, compared with 80 percent in 1980. The value of agricultural exports was $531.5 million. Manufactured goods (SITC Sections 6, 7, and 8) accounted for just 7 percent of U.S. exports, down from 11 percent in 1980. Crude materials, including fertilizers, leather, and cotton, accounted for only 9 percent of U.S. sales to Poland, down from 20 percent. Exports of virtually all goods except those covered by CCC-backed financing fell during the year.

Agricultural sales (SITC Section 0) to Poland were up 19 percent in 1981. The top U.S. exports were yellow corn, soybean oilcake and oilcake meal (used as animal feed), butter, wheat, lard, dry milk products, fish, linseed oilcake and oilcake meal (used as animal feed), and donated foodstuffs (table B-11). Although the value of soybean oilcake and oilcake meal shipments rose in 1981, the quantity supplied actually diminished as unit prices rose by 15 percent. The value of wheat shipments dropped by 71 percent, from $58.6 million in 1980 to $17 million in 1981.

Exports in SITC Section 1, beverages and tobacco, were off 21 percent from those in 1980, amounting to just over $9 million. Included in this category are tobacco and alcoholic beverages. Shipments of tobacco products dropped from $11.8 million in 1980 to $9.8 million in 1981, or by 21 percent. The top trade item in this group is cigarette leaf tobacco, which accounted for 5.5 million dollars' worth of exports in 1981. Poland imports U.S. tobacco for use in its cigarette-manufacturing plants, and the drop in exports can be attributed to the general production slowdown in Poland.

Crude materials exports (SITC Section 2) fell by over one-half, declining to $60 million in 1981. Wood pulp, cattle hides, phosphates, and soybeans are included in this category. Soybean exports declined by 62 percent, from $67 million in 1980 to $25 million in 1981. Wood pulp exports, used by Polish furniture factories, were down, as were exports of phosphates (used in fertilizers). Phosphate exports declined nearly 80 percent, to $7 million. Exports of cattle hides, used by Poland in its footwear industry, declined from $19.5 million in 1980 to $5.5 million in 1981, representing a drop of 72 percent. Crude cotton exports (used in textile manufacturing) were up by 40 percent, amounting to $15.0 million. Exports of mineral fuels and lubricants (SITC Section 3) were negligible, amounting to only $30,000 in 1981.

Exports of oils and fats (SITC Section 4) in 1981 rose by nearly 38 percent, to $14.4 million, largely as a result of the doubling of tallow sales. Tallow, a CCC-backed commodity, is an additive in animal feed. It accounted for about half of U.S. exports to Poland in SITC Section 4 during the year.

Chemicals exports also fell significantly, by 28 percent, to just over $12 million. Among the more important exports in this category are herbicides, fungicides, drugs, and waxes. Fertilizer exports were down 79 percent from the 1980 level, falling from $32 million to $4 million in 1981.

Exports of manufactured goods (SITC Sections 6, 7, and 8) amounted to just under $47 million--down nearly 40 percent from the 1980 level of $77.6 million. The largest relative decline was in SITC Section 6, manufactured goods classified by chief material. These exports declined by more than 73 percent to $7 million in 1981. Among the more important items in this section are paper and paperboard products, manmade-fiber yarns, glass, steel, aluminum, copper, and ferromolybdenum (used in steel manufacture). Copper sales were off by 99 percent, and glass exports declined by 86 percent, from $1 million in 1980 to just under $200,000 in 1981.

Exports of machinery and transport equipment (SITC Section 7) in 1981 were down 32 percent, to $36 million. Included in this category are parts of automobiles, trucks, tractors, farm and mining equipment, aircraft, industrial furnaces, metalworking equipment, communications equipment, and computers. Exports of motor vehicles and parts declined by 21 percent, to $7.9 million. Parts of tracklaying tractors (Schedule B No. 692.3820) remained among the top 20 U.S. exports to Poland. Exports of the parts rose by 15 percent, to $6.4 million. The tractors are used in coal mining. Computer equipment sales were down by 86 percent, from $6.4 million in 1980 to $871,045 in 1981.

Exports in SITC Section 8, miscellaneous manufactured articles, fell by 24 percent, to just under $7 million in 1981. Included in miscellaneous manufactured exports are measuring and testing devices, medical equipment and supplies, temperature gages, and media equipment. Medical supplies made up the bulk of U.S. exports to Poland in this category.

Exports in SITC Section 9, commodities and transactions not elsewhere classified, amounted to more than $6 million in 1981. This was over 1-1/2 times the 1980 level. The increase can be attributed to the marked upswing in charitable contributions of clothing, medical supplies, and other necessities.

U.S. imports.—The United States imported 360 million dollars' worth of goods from Poland in 1981, 13 percent less than it did in 1980. Canned hams imports were down by 36 percent, accounting for much of the overall decline. The composition of U.S. imports from Poland changed significantly during the year. Agricultural imports declined in significance, accounting for 31 percent of total imports compared with 38 percent in 1980. Manufactured goods increased in relative importance—accounting for 62 percent of U.S. imports from Poland in 1981, up from a 52-percent share in 1980.

As previously noted, canned hams were the primary import from Poland and Eastern Europe in 1981, retaining their major role despite a drop in Polish shipments from $220.1 to $86.3 million. Shipments of ham and other cooked pork products were curtailed by the Polish Government in 1981 to alleviate critical domestic meat shortages. Other food exports were also curtailed.

U.S. imports from Poland in SITC Section 3, mineral fuels and lubricants, were down by 85 percent, falling from $9.5 million in 1980 to $1.4 million in 1981. Coal is the principal item in this category.

All but 3 of the top 20 U.S. imports from Poland in 1981 were manufactured goods (table B-12). Two of these three items were from SITC Section 0 (food and live animals)—canned hams and pollock. Also in the list of leading imports were steel plate and steel channels (SITC Section 6); motor-vehicle parts (SITC Section 7); sewing machines and engines or turret horizontal lathes (SITC Section 7); four apparel items (SITC Section 8); two footwear items (SITC Section 8); and one textile item (SITC Section 6).

Prepared pork imports (including canned hams, pork shoulders, and sausage) fell by 35 percent, amounting to $90.0 million in 1981 compared with $138.6 million in 1980. Poland's share of U.S. imports of prepared pork declined from 40 percent in 1980 to 27 percent in 1981. Pollock imports, which accounted for $6.5 million in 1980, increased by 50 percent to $9.8 million in 1981. Poland supplied 20 percent of U.S. imports of this item in 1981. Cod imports declined by 15 percent, totaling $2.3 million in 1981. Other significant imports in the food and live animals category were cheese substitutes and frozen strawberries. Imports of cheese substitutes dropped by 57 percent, accounting for only $678,000 in 1981; frozen strawberry imports rose by 14 percent to $2 million.

Imports in the beverages and tobacco category (SITC Section 1) included cigarette leaf tobacco, vodka, and ale--combined imports of which barely reached the $1 million mark.

U.S. imports from Poland in SITC Section 2, crude materials, amounted to $4 million in 1981. The value of feather and down imports nearly tripled, increasing by 288 percent to $1.6 million in 1981. Other imports included mink furskins totaling $1.3 million. Coal, the main import in SITC Section 3 in 1980, dropped out of the top 20 imports in 1981. Coal imports declined by nearly 85 percent, from $9.5 million in 1980 to $1.4 million in 1981. Poland's share of total U.S. coal imports declined from 11 percent in 1980 to less than 2 percent in 1981.

The only import from Poland in the oils and fats category (SITC Section 4) is inedible rapeseed oil, which is used as a lubricant in manufacturing. Such imports amounted to just over $1 million in 1981. Poland supplied 30 percent of U.S. imports of this item in 1981, down from 50 percent in 1980.

The United States imported $15.4 million in chemicals (SITC Section 5) from Poland in 1981, down 34 percent from the 1980 level. Among the items in this category are amines (ammonia derivatives) ($1.6 million in imports in 1981), tetracyclines ($1.6 million in imports in 1981), and casein ($3 million in imports in 1981). Casein was 1 of the top 20 U.S. imports from Poland in 1981 despite a decline in imports of $580,981, or 16 percent.

Imports of manufactured goods classified by chief material (SITC Section 6) rose by 15 percent in 1981, to $110.9 million. Eight items in the list of top 20 imports from Poland fall in SITC Section 6. These are steel plate, iron/steel nails, unalloyed steel channels, iron/steel screws, brass rods, footwear, cotton towels, and woven fabrics of vegetable fibers.

Steel plate imports from Poland doubled in value in 1981, totaling $36.7 million. Poland's share of U.S. steel imports rose from 3.6 percent in 1980 to 5.4 percent in 1981. Iron and/or steel nails imports totaled $8.9 million in 1981, up 10 percent from the 1980 level. The value of imports of unalloyed steel channels was one-third higher than in 1980, at $5.1 million. Imports of ball bearings nearly doubled, totaling $1.5 million in 1981. Brass rod imports from Poland grew by 10 percent, to $3.7 million in 1981.

Imports of glass and glass products declined slightly, falling 3 percent from the 1980 level of $7.1 million to $6.9 million in 1981. Imports of precious metals, also in SITC Section 6, dropped from $5 million in 1980 to virtually nil ($909) in 1981.

U.S. imports from Poland in the machinery and transportation equipment sector (SITC Section 7) totaled $47.2 million in 1981, declining by 5 percent from the 1980 level. Items included in this section are sewing machines, motor vehicles and parts, and engine or turret horizontal lathes. U.S. imports of motor vehicles and parts declined by 10 percent, dropping from $7.0 million in 1980 to $6.3 million in 1981, largely because tractor sales fell almost 90 percent from the 1980 level. Tractor sales totaled $200,000 in 1981. Imports under TSUS item 692.1090 (motor vehicles, not elsewhere specified), increased by 35 percent, from $2.5 million in 1980 to $3.4 million in 1981.

U.S. purchases of sewing machines from Poland reached $5.7 million in 1981, growing 6 percent from the 1980 level. The value of U.S. imports under TSUSA item 674.3512 (engine or turret horizontal lathes) was 68 percent higher than in 1980, amounting to $8.4 million, because the unit price of the machines jumped by 63 percent.

Imports of miscellaneous manufactured articles (SITC Section 8) totaled $63.7 million, down 11 percent from the level in 1980. The main items imported from Poland in this category are furniture, apparel, bicycles, and footwear. Apparel imports increased by 7 percent, with particular gains registered in women's raincoats and wool men's suit-type coats. Textile and apparel imports from Poland amounted to $34.6 million in 1981, up from $32.4 million in 1980. Footwear imports declined, however. Nonrubber footwear imports fell by one-third, from $16.2 million in 1980 to $10.9 million in 1981. Poland supplied less than 1 percent of U.S. imports of nonrubber footwear. Furniture imports declined by 10 percent, amounting to $6.1 million in 1981. Bicycle imports totaled $3.4 million, down 22 percent from the 1980 level. Poland supplied 6.6 percent of U.S. bicycle imports in 1981, down from 10.4 percent in 1980.

East Germany

U.S. trade with East Germany decreased in 1981 to $340.3 million from its record high level of $520.3 million in 1980 (table 18). This was the first downturn in bilateral trade since 1977. U.S. exports to East Germany decreased 38 percent, from $477 million in 1980 to $295.6 million in 1981. On the other hand, the value of U.S. imports from East Germany was about the same, increasing 4 percent from $43.0 million to $44.7 million. As a result, the U.S. trade surplus with East Germany declined 42 percent, from $434 million in 1980 to $250.9 million in 1981.

East Germany's economic performance was better in 1981 than in 1980. Economic growth was steady and reached the planned target rate of 5 percent in the first 9 months of 1981. 1/ This growth rate was higher than the 1980 rate

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1/ The Economist Intelligence Unit, Ltd., Quarterly Economic Review of Poland, East Germany, 4th Quarter 1981, p. 19. The directives for the 1981-85 5-year plan, which call for both national income and industrial output to grow by an average of 5.1 to 5.4 percent a year, were approved at the Party Congress in April 1981.

Table 18.--U.S. trade with East Germany, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	319,315	451,348	283,094
1	Beverages and tobacco	-	237	163
2	Crude materials--inedible, except fuel	5,058	6,231	2,430
3	Mineral fuels, lubricants, etc	6,124	434	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	9,690	8,807	3,232
6	Manufactured goods classified by chief material	1,678	798	1,416
7	Machinery and transport equipment	5,993	6,136	2,521
8	Miscellaneous manufactured articles	6,062	2,441	2,003
9	Commodities and transactions not elsewhere classified	603	956	698
	Total	354,522	477,389	295,557
		U.S. imports		
0	Food and live animals	248	192	418
1	Beverages and tobacco	164	170	154
2	Crude materials--inedible, except fuel	2,520	2,625	724
3	Mineral fuels, lubricants, etc	978	1,597	1,195
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	4,210	5,292	5,101
6	Manufactured goods classified by chief material	8,389	12,896	14,923
7	Machinery and transport equipment	11,630	12,630	17,235
8	Miscellaneous manufactured articles	6,091	7,309	4,742
9	Commodities and transactions not elsewhere classified	1,435	247	210
	Total	35,666	42,959	44,702

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

of 4.2 percent. Industrial production increased by 5.6 percent over the period. East Germany relies heavily on the industrial sector for its economic growth. Industrial production as a share of total national material output rose from 58.3 percent (75.7 million marks) in 1973 to 61.1 percent (103.3 million marks) in 1979.

According to official East German sources, that country's prices were stable in 1981. 1/ Government subsidization may have contributed to the price stability; Government data show little change in retail prices over several years. However, some Western observers have reservations about the accuracy of the officially reported inflation statistics.

The labor shortage in East Germany has not eased. Facing a negative population growth rate and an aging labor force, the Government permits the hiring of foreign workers. The number of foreign workers in the country was estimated to be about 40,000 in 1980; with a 5-percent economic growth target, East Germany probably maintained a foreign labor force of approximately the same size in 1981. Although the priority accorded to technological improvements in industrial production has helped to reduce labor requirements to some extent, it cannot solve the labor shortage, which is complicated by the abnormal age distribution in the population. 2/

Although East Germany has the most technologically advanced economy in Eastern Europe, it is not as sophisticated in many areas as Western developed countries such as Italy, Japan, West Germany, and the United States. On August 3, 1981, East Germany and the U.S.S.R. reached an agreement on wider technological cooperation over the next 5 years. During September 9-12, 1981, East Germany and Mexico signed seven new trade and technical assistance agreements. In the meantime, East Germany and Italy discussed technological cooperation and agreed to consider cooperative links in the areas of lignite processing and industrial automation. Negotiations with Japan on the purchase of an entire petrochemical plant and a steel mill were conducted in 1981. 3/ These agreements will probably increase the volume of East German trade in 1982.

East Germany exports mainly manufactured goods and machinery, and imports principally raw materials and capital goods. There have been no significant changes in the composition of its trade in recent years. About one-third of East Germany's trade is with the U.S.S.R., and another third is with the other Eastern European countries, primarily Czechoslovakia and Poland. Almost all the remaining one-third is with the West.

East Germany relies on the Soviet Union for most of its raw materials. Approximately 90 percent of East Germany's petroleum and gasoline and

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1/ The Economic Intelligence Unit, Ltd., Quarterly Economic Review of Poland, East Germany, 3d quarter 1981, p. 18. The data cover only January-June 1981.

2/ The estimated population at the end of 1979 was 16,740,324. The 1970 census showed that the population was 17,068,318. It has been estimated that in 1980 about half the East German population was under the age of 30, and a quarter was beyond retirement age.

3/ In September 1981, three Japanese steel firms (Hitachi, Nippon, and Mitsui) contracted with East Germany to erect a new steel mill in Eisenhuttenstadt, East Germany.

85 percent of its cotton are typically supplied by the U.S.S.R. It exports machinery and transport equipment to the U.S.S.R. Some highly technical items such as computers and electronic devices are also exported by East Germany. The balance of the bilateral trade between the two Communist countries has been in favor of the U.S.S.R. The East German trade deficit with the U.S.S.R. increased from $460.7 million in 1979 to $728.4 million in 1980.

East German trade with non-Communist countries is almost exclusively with a group of 17 industrialized Western countries. 1/ West Germany is East Germany's leading Western trade partner. For the past 5 years, West Germany has accounted for more than 50 percent of East Germany's total trade with Western countries. Except in 1980, when East Germany recorded a surplus of $156.8 million, the balance of trade between the two Germanys has been in favor of West Germany. In the first 6 months of 1981, West Germany imported more machinery, electrical goods, and wood products from East Germany--and exported more mining products to East Germany--than in the corresponding period of 1980. In this period, the bilateral balance of trade was in favor of East Germany.

Other leading Western trading partners of East Germany are France, the United States, and the United Kingdom. The following tabulation shows East German trade with industrialized Western countries (in percent):

Trading partner	Exports to East Germany			Imports from East Germany		
	1979 share	1980 share	1980 rank	1979 share	1980 share	1980 rank
West Germany-----	52.5	54.3	1	62.4	61.4	1
United States----	8.2	10.4	2	0.9	0.9	12
France-----------	7.4	6.0	3	5.4	5.5	2
Austria----------	4.2	4.2	4	3.0	3.3	7
United Kingdom---	4.1	4.1	5	5.9	4.1	4
Netherlands------	3.8	3.8	6	13.4	4.0	5
Other Industrialized Western countries-	19.8	17.2		19.0	20.9	

Source: U.S. Department of Commerce, International Trade Administration, U.S.-GDR Trade Trends, January-June 1981.

The value of East Germany's trade with these countries as a group was $8.9 billion in 1979 and $10.4 billion in 1980. It recorded trade deficits of $896 million in 1979 and $364 million in 1980 with them. This trade was more in balance than that in several previous years, when deficits with these countries were much larger. East Germany's imports have been severely restricted by a shortage of hard currency, and exports have been emphasized in order to provide currency for debt repayment. Net debt to the West increased rapidly in the 1970's, from $1.2 billion in 1972 to $10.4 billion in 1980.

1/ For a list of these countries, see the section on Romania.

U.S. exports.--Direct U.S. exports to East Germany dropped from $477.4 million in 1980 to $295.6 million in 1981. [1] This significant reduction was attributable mainly to a decline in U.S. agricultural exports. Nevertheless, agricultural commodities, as usual, dominated U.S. exports to East Germany in 1981 (table B-13).

East Germany has had food shortages for years despite a Government policy that calls for reducing dependence on foreign grains. Imports account for 25 to 30 percent of total grain consumption. Average annual grain production in 1976-80 was 9 million tons. According to estimates of the U.S. Department of Agriculture, East Germany produced 9.3 million tons and imported 3.6 million tons of grain in 1981. [2] The current 5-year plan calls for domestic output to reach 10.4 million tons by 1985. Even if grain production reaches the planned target, however, East Germany will not be able to feed its people adequately without imports. The United States is a major supplier of grain to East Germany.

About 95 percent of U.S. exports to East Germany in 1981 were agricultural commodities. Just three products--yellow corn, soybean oilcake and meal, and unmilled wheat--accounted for 91 percent of U.S. exports. For the past 3 years, yellow corn alone has made up more than 50 percent of exports. Although the value of corn shipments declined last year by 45 percent, to $184 million from $332 million in 1980, the share of exports accounted for by corn decreased by only 7 percent, to 62 percent.

About 5 percent of U.S. exports to East Germany in 1981 were nonagricultural commodities. Such exports decreased from $24 million in 1980 to $15 million in 1981. In 1980, the two leading items were molybdenum compounds and copper ore. The combined value of exports of the two products was $8.7 million. In 1981, the two leading items were unsaturated polyester resins and manmade-fiber paddings and upholstery fillings, with a combined value of $2.6 million (table B-13).

U.S. imports.--U.S. imports from East Germany increased by 4 percent to $44.7 million in 1981. No significant changes in the composition of U.S. imports were reported in 1981. As in previous years, they consisted mainly of manufactured goods (SITC Sections 6, 7, and 8), which accounted for about 82 percent of U.S. imports from that country.

Imports of manufactured-goods rose from $32.8 million in 1980 to $36.6 million in 1981. The leading product category was machinery and transport equipment (SITC Section 7), imports of which increased by $4.6 million (36 percent) in 1981. The largest increase in this section was in printing presses (chiefly sheet-fed-type offset printing presses) and parts, imports of which rose from $4.4 million in 1980 to $8.6 million in 1981 (table B-14).

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[1] Direct exports to East Germany are those for which the U.S. export declaration identifies East Germany as the country of destination. Only estimates are available on the value of U.S. goods that are consigned to another country and then transshipped to East Germany. The value of such goods remained fairly large until 1978, when East German port facilities were improved. All figures in this section of the report are expressed in terms of direct exports as reported in the official statistics of the U.S. Department of Commerce.

[2] USDA, East European Agricultural Highlights, 1981, Jan. 8, 1982, p. 55.

Another major item in this section is portable typewriters. U.S. typewriter imports from East Germany increased from $1.86 million in 1980 to $1.92 million in 1981. However, the quantity declined from 23,126 units in 1980 to 17,126 units in 1981. The average unit value for all East German typewriters increased from $80.19 in 1980 to $112.11 in 1981. The 40-percent increase in the unit value was caused mainly by a change in product mix: in 1980, 30 percent were electric; in 1981, 77 percent were electric. The unit value of portable nonelectric typewriters imported from East Germany declined from $76.28 in 1980 to $64.65 in 1981. In spite of that decline, imports of nonelectric typewriters dropped sharply from 11,002 units in 1980 to 2,960 units in 1981.

A third significant item imported from East Germany in 1981 was potassium chloride, a fertilizer, which accounted for 81 percent of all chemicals imports (SITC Section 5). Imports of potassium chloride increased from $3.7 million in 1980 to $4.1 million in 1981. The quantity of these imports rose from 53,814 short tons in 1980 to 55,348 short tons in 1981.

Imports of automobile tires from East Germany in 1981 accounted for 45 percent of imports of manufactured goods classified by chief material (SITC Section 6). Imports of passenger car tires rose from $2.8 million in 1980 to $4.1 million in 1981. During the same period, imports of truck tires increased from $1.6 million to $2.6 million (table B-14). The East Germans have been modernizing their automobile and related industries and improving the quality of their products.

The import item that experienced the largest decrease in 1981 was mink furskins, imports of which dropped by 80 percent from $22 million in 1980 to $0.4 million in 1981. The unit value declined by 17 percent, from $29.64 to $24.73. Another import item that declined sharply in 1981 was men's and boy's jogging jackets. Such imports decreased by $752,934, or 58 percent.

Montan wax imports decreased by 25 percent to $1.2 million in 1981. The product is derived from lignite, a raw material that is abundant in East Germany, and is used primarily as flow agent in the manufacture of one-time-use carbon paper. After declining from 1974 to 1977, imports of montan wax rose from $0.5 million in 1977 to $1.6 million in 1980. They then decreased to $1.2 million in 1981. Imports of montan wax in 1973-81, as well as their rank among all imports from East Germany in each year, were as shown in the following tabulation (in thousands of dollars):

Year		Rank
1973	1,020	1
1974	1,352	1
1975	1,062	2
1976	562	5
1977	452	7
1978	859	10
1979	978	9
1980	1,597	6
1981	1,195	8

Montan wax imported from East Germany was the subject of two U.S. International Trade Commission investigations in 1981. One investigation was initially instituted in September 1980, when the only domestic producer of montan wax filed a complaint under the antidumping provision of the Tariff Act of 1930. The second investigation was a market disruption case instituted in October 1981 under section 406 of the Trade Act of 1974. 1/

Bulgaria

The upward trend in U.S. trade with Bulgaria continued in 1981. Trade between the two countries increased by 54.6 percent and reached a new high of $283.7 million (table 19). Once again the United States enjoyed a large surplus in bilateral trade, amounting to $232.5 million. U.S. exports to Bulgaria rose 61.0 percent to $258.1 million, and U.S. imports from that country rose 12.1 percent to $25.6 million. The sharp rise in exports was caused mainly by an increase in exports of agricultural commodities, which soared from $127.3 million in 1980 to $197.3 million in 1981.

Bulgaria's economic growth targets are increases in output of 5.1 percent in 1981, 3.6 percent in 1982, and an average of 3.7 percent during the period covered by the current 5-year plan (1981-85). The economic growth rates achieved in 1979 and 1980 were 7.2 percent and 5.7 percent, respectively.

In general, the Bulgarian economic performance was better than expected in the first 9 months of 1981, according to Government figures. Plans for net production, labor productivity, profit, and introduction of new technology are said to have been exceeded. 2/ Output of light industry increased by 5.9 percent over the level of the corresponding period of 1980. The growth target set for industry as a whole for 1981 was 5.6 percent. Construction marginally exceeded its 7.2 percent target in the first 9 months.

The only economic sector that did not meet its planned target for 1981 was agriculture. Like 1980, 1981 was a bad year for agriculture in Bulgaria. Drought in the summer of 1981 affected many areas of the country. As a result, the 4.7-percent growth target set for agricultural output could not be met. The estimated harvest in 1981 was 7.9 millions tons, only 2.6 percent higher than the level of the poor harvest in 1980 and well below the 8.5 million tons produced in 1979. As demand for grains cannot be satisfied from domestic sources, Bulgaria has to rely upon foreign trade to eliminate its food shortage.

Bulgaria's foreign trade turnover grew rapidly during 1973-80, achieving a 17.4-percent average annual growth rate. The average export growth rate was 17.8 percent; import growth rate was 16.7 percent. Trade in 1980 grew at only 14.1 percent, but is believed to have grown more rapidly in 1981. For the first 6 months of 1981, Bulgarian exports amounted to $5.2 million, or

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1/ See the section on "Developments in U.S. Commercial Relations With Eastern Europe," above.

2/ The Economic Intelligence Unit Ltd., Quarterly Economic Review of Rumania, Bulgaria, Albania, 1st quarter 1982, pp. 17-18.

Table 19.--U.S. trade with Bulgaria, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	29,526	118,929	180,884
1	Beverages and tobacco	1,675	7,187	9,882
2	Crude materials--inedible, except fuel	14,314	4,676	16,960
3	Mineral fuels, lubricants, etc	9	30	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	916	12,188	36,517
6	Manufactured goods classified by chief material	513	1,682	1,350
7	Machinery and transport equipment	5,173	7,260	8,767
8	Miscellaneous manufactured articles	4,047	8,657	3,534
9	Commodities and transactions not elsewhere classified	52	93	209
	Total	56,225	160,701	258,104
		U.S. imports		
0	Food and live animals	1,546	1,944	2,030
1	Beverages and tobacco	20,780	15,173	18,766
2	Crude materials--inedible, except fuel	1,009	35	49
3	Mineral fuels, lubricants, etc	-	1	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	1,357	493	858
6	Manufactured goods classified by chief material	424	456	136
7	Machinery and transport equipment	2,435	2,736	2,963
8	Miscellaneous manufactured articles	2,551	1,953	776
9	Commodities and transactions not elsewhere classified	44	53	24
	Total	30,145	22,845	25,604

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

7.7 percent higher than exports in the corresponding period of 1980. Imports increased 19.7 percent to $5.4 billion in the first 6 months of 1981. [1] The actual growth rates of foreign trade in 1980 and in the first half of 1981 were thus far above the 4-percent rate planned for 1982 and the 6.9-percent rate planned for 1981-85.

Nearly 80 percent of Bulgaria's foreign trade is with other members of CMEA, with the U.S.S.R. accounting for nearly 60 percent of total trade turnover. The Bulgarian authorities continue to base their plans for economic development primarily on cooperation with the U.S.S.R. The high level of bilateral trade between the two countries is expected to be maintained in 1982. The pattern of such trade is similar to that of Soviet trade with other Eastern European NME's. Bulgaria exports mainly manufactured goods to the Soviet Union and for the most part imports raw materials and petroleum products.

As a result of its effort to expand exports, Bulgaria achieved global trade surpluses of $355 million in 1979 and $722 million in 1980. These trade surpluses reduced Bulgaria's net hard-currency debt from $3.6 billion in 1978 to $2.6 billion in 1980. [2] Bulgarian trade with the industrialized Western countries, [3] however, showed a deficit during 1977-80. The importance of these countries in Bulgarian trade rose slightly in 1980. Their share of Bulgaria's imports increased from 13.3 percent in 1979 to 15.4 percent in 1980, and their share of its exports fell from 8.0 percent to 7.0 percent. Bulgaria's exports to the West in 1980 were valued at $728 million. Of these, $254 million, or 35 percent, went to Italy. In the same year, Bulgaria imported $1.5 billion in goods from the West, of which $478 million, or 32 percent, came from West Germany. Among the industrialized Western countries, the United States ranked fourth in exports to Bulgaria in 1980; it was seventh in imports from Bulgaria.

Bulgaria's trade with the West continued to expand in 1981. Purchases from the West increased to $1.9 billion in the first 9 months, exceeding its total imports from these countries in 1980. Exports to Italy, the largest Western market for Bulgarian goods, rose 4.2 percent in the first 6 months of 1981 over those in the corresponding period of 1980. Indications are that the upward trend in trade between Bulgaria and the West will continue in 1982.

U.S. exports.—U.S. exports to Bulgaria in 1981 increased by $97.4 million to a new record level of $258.1 million. As in the past, food and live animals (SITC Section 0) dominated the trade. Sixty-four percent of the increase in U.S. exports was accounted for by rising agricultural sales. The most important item in this category is yellow corn, U.S. exports of which jumped from $77.0 million in 1980 to $127.7 million in 1981 (table B-15). Another signigicant item is soybean oilcake and meal, exports of which increased from $39.6 million to $52.1 million. These two items together accounted for 64.9 percent of the total increase in U.S. exports to Bulgaria in 1981. Both are used as animal feed and are needed to achieve goals Bulgarian planners have set for an expanded and improved livestock industry. 1/

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[1] Bulgarian trade statistics for 1981 are not yet complete.

[2] U.S. Department of Commerce, International Trade Administration, U.S.-Bulgarian Trade Trends, January-June 1981, September 1981, p. 16.

[3] For a list of these countries, see the section on Romania.

For the past few years, Bulgarian demand for U.S. corn has fluctuated widely. Corn was the leading U.S. export to Bulgaria in 1978, but dropped to third place in 1979 as its value declined by four-fifths to $5 million. It became the leading item again in 1980 and 1981. The level of exports of U.S. corn to this market in 1982 will depend largely on weather conditions.

The other category of U.S. exports that increased rapidly in 1981 was chemicals (SITC Section 5). Exports of chemicals increased by 199.6 percent to $36.5 million in 1981. The share of chemicals in total U.S. exports to Bulgaria increased from 7.6 percent in 1980 to 14.1 percent in 1981. The dominant item in this section was concentrated superphosphate fertilizer, exports of which tripled from $9.9 million in 1980 to $29.9 million in 1981. This item accounted for 81.8 percent of total U.S. chemicals exports to Bulgaria in 1981. The other chemical that appeared in the list of top 20 export items in 1981 was zinc compounds, which amounted to $4.9 million. Bulgarian economic plans attach high priority to expanding its chemical industry.

U.S. imports.—In 1981, U.S. imports from Bulgaria rose 12.1 percent to $25.6 million. Beverages and tobacco (SITC Section 1) was the leading category, accounting for 73.3 percent of total U.S. imports from that country. Imports of goods in this group increased 23.7 percent to $18.8 million. Imports of cigarette leaf tobacco increased from $14.5 million in 1980 to $18.2 million in 1981 and made up 71.1 percent of total U.S. imports from Bulgaria. Bulgarian cigarette leaf is oriental leaf tobacco. In 1981, the United States also imported oriental leaf tobacco from Turkey, Greece, and Yugoslavia. The United States charges higher duty rates (col. 2 of the TSUS) on imports from Bulgaria than on imports from the other three supplying countries, which all qualify for MFN treatment. 2/ In spite of the higher duty rate, imports of Bulgarian cigarette leaf have increased continually since 1979. If MFN treatment is extended to Bulgaria, U.S. imports of cigarette leaf from that country would be very likely to increase.

Imports of machinery and transport equipment (SITC Section 7) increased 8.3 percent to $3.0 million in 1981. Imports of typewriters, the leading item in the category, rose from $1.5 million in 1980 to $1.8 million in 1981; typewriters was the second highest U.S. import from Bulgaria.

1/ Soybean meal is made by crushing soybeans, extracting part of the oil, and then grinding the residual into a meal. Mixed with other feed, soybean meal produces a high-protein feed suitable for all classes of farm animals.

2/ In 1980 the ad valorem equivalent of the duty rates charged on oriental leaf tobacco averaged 25.3 percent on imports from Bulgaria and 8.3 percent on imports from Turkey, Greece, and Yugoslavia.

Hungary

In 1981, for the third consecutive year, the United States had a deficit in trade with Hungary (table 20). It amounted to a record $50 million, double the amount of the 1980 deficit. A 23-percent increase in imports in conjunction with a 2-percent decline in exports explains the deterioration of the U.S. balance in this trade during the year.

Two-way trade increased 11 percent in 1981 to $205 million, following a slight decline in 1980. In 1981, Hungary ranked only eighth among NME's as the recipient of U.S. exports, but was fifth as a supplier of U.S. imports.

The signing of the United States-Hungary bilateral trade agreement in 1978 triggered great optimism concerning mutual trade. Among other measures facilitating the exchange of goods and services, this accord provided for reciprocal MFN tariff treatment. However, it coincided with the beginning of import austerity in Hungary, which sharply curtailed purchases requiring hard currency. U.S. exports to Hungary show a continuing downward slide after this agreement; they declined from $97 million in 1978 to less than $90 million in each of the following 3 years, and also fell in relation to Hungary's total imports from the industrial West. Meanwhile, MFN status apparently benefited Hungarian exports to the United States, as they increased from less than $70 million in 1978 to $128 million in 1981. In 1979, the traditional U.S. surplus in trade with Hungary was replaced by a deficit, which has persisted ever since.

In 1981 the U.S. Congress extended Hungary's MFN status for another year, 1/ and economic relations between the two countries continued to be normal. Howevever, a drawn-out dispute involving U.S. charges of patent violations by the Hungarians in the area of agricultural chemicals continued, 2/ and imports from Hungary of truck trailer axle-and-brake assemblies became the subject of an antidumping investigation under U.S. trade statutes during the year. 3/

Hungary conducts a significant part of its trade with the advanced industrial world, predominantly with countries that are geographically close to it and with which it has historic economic ties. Hungary's principal Western trading partner is West Germany. Somewhat less significant--with the order of importance changing from year to year--are Austria, Italy, and France. The United States is a minor trading partner, supplying in 1980 only 2.5 percent of Hungary's total imports from the industrialized Western countries and receiving 4.1 percent of Hungary's total exports to them. 4/

A third consecutive trade surplus with the United States in 1981 reflected Hungary's sustained efforts to improve its trade balance with all hard-currency partners. Despite the severe deterioration in their terms of trade, the Hungarians were successful in narrowing their hard-currency trade

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1/ See "Developments in U.S. Commercial Relations With Eastern Europe," above.

2/ This dispute was discussed in the 19th Quarterly Report . . ., p. 20.

3/ See "Developments in U.S. Commerical Relations With Eastern Europe," above.

4/ U.S. Department of Commerce, International Trade Administration, U.S.-Hungarian Trade Trends, October 1981, pp. 11-12.

Table 20.—U.S. trade with Hungary, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	14,818	19,331	3,231
1	Beverages and tobacco	134	420	-
2	Crude materials--inedible, except fuel	9,854	4,769	9,984
3	Mineral fuels, lubricants, etc	17	17	23
4	Oils and fats--animal and vegetable	14	15	16
5	Chemicals	18,531	9,171	15,945
6	Manufactured goods classified by chief material	6,601	11,818	8,662
7	Machinery and transport equipment	22,486	26,450	34,377
8	Miscellaneous manufactured articles	4,878	6,519	4,625
9	Commodities and transactions not elsewhere classified	254	510	648
	Total	77,588	79,020	77,511
		U.S. imports		
0	Food and live animals	33,615	27,776	29,312
1	Beverages and tobacco	1,261	1,421	1,908
2	Crude materials--inedible, except fuel	695	778	2,167
3	Mineral fuels, lubricants, etc	-	-	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	9,255	5,781	6,842
6	Manufactured goods classified by chief material	9,406	8,628	8,042
7	Machinery and transport equipment	39,565	38,417	57,505
8	Miscellaneous manufactured articles	17,672	21,174	21,125
9	Commodities and transactions not elsewhere classified	661	293	1,039
	Total	112,129	104,269	127,939

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

deficit in 1979 from the record level it reached in 1978, 1/ and in maintaining an almost-balanced hard-currency trade in 1980 and 1981. 2/ This enabled Hungary to slightly reduce its hard-currency debt, which amounted to some $7 billion in 1980. 3/

Restoration of external financial equilibrium has become the centerpiece of Hungarian economic policy in the last 3 years. A range of austerity measures was introduced in 1979, and further measures followed in 1980 and 1981. The Hungarian Government deliberately limited economic growth, restraining investment spending and imports while strongly encouraging exports—especially to hard-currency markets. Investment that promised rapid returns in hard currency was highly favored, and modernization of existing facilities was preferred to new projects.

In 1981, the first year of the sixth 5-year plan (1981-85), Hungary's national income grew no more than 1 percent (on the basis of 11-month data). Apparently, the modest goals of the 1981 annual plan were not reached, and agricultural production had fallen especially short of target. 4/ Therefore, agriculture was accorded higher priority than industry in the annual plan for 1982. A low rate of economic growth is foreseen throughout the remainder of the current FYP, which will allow living standards to rise only slightly, if at all. 5/ The current FYP restricts investment to the level attained in the previous 5-year plan (1976-80).

However, foreign trade—especially exports—is slated to grow at a higher rate than national income. 6/ Trade with the West—a major part of Hungarian foreign trade—must remain balanced or move into surplus as the amounts of Hungarian debt payments falling due will rise sharply in the coming years. The distrust recently felt by Western commercial banks toward their Eastern European debtors will compel Hungarians to face their obligations with great discipline. Most of their hard-currency debt is owed to commercial banks.

In 1981, the Hungarians proceeded with their market-oriented economic reform program, which they have pioneered in the Soviet bloc for years. These reforms aim at decentralizing economic planning and activating market forces through reliance on prices, profits, and other incentives. Measures introduced in 1981 included further organizational changes in foreign-trade management, another increase in the price of meat, a major step towards the convertibility of the Hungarian currency, and application for membership in the International Monetary Fund and the World Bank.

An average 10-percent increase in the retail prices of meat and meat products took effect in June, following sharper increases in these prices—and the prices of other consumer items—in prior years. These price increases in Hungary are notable, since most other Eastern European NME's have been reluctant to raise consumer prices—especially of food. Communist governments

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1/ U.S. Department of Commerce, Foreign Economic Trends: Hungary, July 1980, p. 8.

2/ Business Eastern Europe, Feb. 12, 1982, pp. 51-52.

3/ Business America, Oct. 5, 1981, p. 7.

4/ Business Eastern Europe, Feb. 12, 1982, p. 51.

5/ Ibid.

6/ Ibid.

have always proclaimed that the stability of consumer prices is characteristic of centrally planned economies, and that it indicates the superiority of the Socialist system over capitalist market systems. Despite the ideological vulnerability of such a strategy, the Hungarian Government has made the gradual alignment of domestic prices with world market prices an integral part of its reform program. This also involved phasing out existing subsidies on retail prices--including meat prices--which amounted to raising these prices significantly.

Higher meat prices were bound to discourage domestic meat consumption, to release more meat for export, and thus to increase Hungary's hard-currency earnings. Meat is among those export items that earn the most hard currency for Hungary. While having to pay higher prices for meat, Hungarians did not have to share in the acute food shortages most other Eastern European countries experienced in 1981. Produce from the small, family-owned plots, which the Hungarian Government encourages as part of its agricultural reforms, provided ample supplies of fruits, vegetables, eggs, and milk, often at lower prices than in 1980.

In October 1981, Hungarian planners merged their dual exchange-rate system into a single one. The measure discontinued the previous Hungarian practice of overvaluing the forint for noncommercial transactions in order to secure larger earnings from tourism, remittances from the West, and so forth. Merging the noncommercial rate with the more realistic commercial one created a unified exchange rate for the forint in terms of certain Western currencies. This single rate was then made subject to weekly adjustments by the Hungarian National Bank.

Merging the dual exchange rates is one of many steps that have been taken toward the external convertibility of the forint. The Hungarians are planning to achieve this convertibility some time during 1982. Since at present no NME has a currency that is convertible in even the most limited sense, the attainment of this goal would be unprecedented in the history of centrally planned economies.

The Hungarians are aiming at "external convertibility", i.e., convertibility of the forint limited to the foreign trade and service operations of Hungarian companies. Among other things, it would allow Western suppliers to receive their payments from Hungarian firms in forints, which they could either hold on deposit in the National Bank of Hungary or exchange for hard currency. The Hungarian Government expects that this practice will greatly improve the country's creditworthiness.

In November 1981, Hungary applied for membership in the International Monetary Fund and the World Bank. Western observers believe that this move was prompted by Hungary's desire to improve its access to international financial markets. Romania is currently the only Eastern European member of these international organizations.

U.S. exports. 1/--In 1981, U.S. exports to Hungary declined 2 percent to $77.5 million, following a negligible rise in 1980 and a sharp decline in 1979

1/ This section is based on U.S. Bureau of the Census data, which tend to understate U.S. exports to Hungary, as discussed in the 25th Quarterly Report, . . ., p. 103.

(table 20). The 1981 drop was mostly attributable to the absence of soybean meal exports and the decline in exports of manufactured goods classified by chief material during the year.

Machinery and transportation equipment (SITC Section 7) continued to be the leading category of U.S. exports to Hungary. Amounting to $34 million in 1981—30 percent more than in 1980—it constituted 44 percent of the total. Tractor parts, motor-vehicle parts, parts of agricultural machinery, and oil and gas field wire line were the leading items in this group. Exports of several of these items rose rapidly over 1980 levels (table B-17).

Soybean meal was the leading item in U.S. exports to Hungary for many years, accounting in 1980 for almost a quarter of the total (table B-17). In 1981, Brazil replaced the United States as Hungary's major supplier of this item owing to the lower price of Brazilian soybean meal, according to Hungarian officials. 1/ Food and live animals (SITC Section 0) ranked second among major commodity groups in U.S. exports to Hungary in 1980, but without sales of soybean meal, exports in this category became negligible in 1981, and chemicals (SITC Section 5) replaced it. Crude materials (SITC Section 2) followed in third place. Exports to Hungary increased markedly in the two latter groups compared with 1980 levels. Chemicals exports to Hungary amounted to $16 million in 1981, rebounding 73 percent from their low 1980 level. The surge was caused by exports of concentrated superphosphates, sales of which resumed in 1981 after a hiatus in 1980. 2/ Superphosphates, which have been among the leading exports to Hungary for some years, headed the list in 1981. Sales of this product amounted to $7 million, or 43 percent of all chemical exports to Hungary. Two other chemical items—corticosteroids and cardiovascular drugs—also remained among the 20 top export items.

The resumption of cotton sales caused exports of crude materials (SITC Section 2) to Hungary to more than double in 1981. Crude materials exports amounted to $10 million, of which cotton accounted for $3.8 million. In 1979 cotton appeared for the first time among the leading U.S. export items to Hungary, but sales were not repeated until the last half of 1981. 3/ Hungary imports substantial quantities of cotton—mostly from the Soviet Union, when it is available from that source—for its large cotton textile industry.

Cattle hides continued to be an important U.S. export item in the crude materials category. Sales in 1981 amounted to $3 million, increasing 38 percent in value and 20 percent in quantity over the 1980 level.

Exports of manufactured goods classified by chief material (SITC Section 6) to Hungary amounted to $8.7 million in 1981. This was 27 percent less than in 1980. Sales of cotton denims, which caused a surge in this category of exports in 1980, dropped to virtually nothing. Glass rods and tubing remained a leading export item to Hungary in 1981, even though such sales declined.

1/ U.S. Department of Commerce, International Trade Administration, U.S.-Hungarian Trade Trends, January-June 1981, October 1981, p. 6.

2/ According to Hungarian statistics, Hungary purchased U.S. superphosphates in 1980 totaling $18.7 million.

3/ According to Hungarian statistics, Hungary imported U.S. cotton in 1980 and in the first half of 1981.

Hungary plans to continue its 3-year-old policy of import austerity, which will limit U.S. prospects in the Hungarian market for the foreseeable future. Prevailing uncertainties with regard to U.S. export-control policy and the imposition of U.S. trade sanctions following the events in Poland may further discourage Hungarian interest in imports from the United States. Analysts in the Department of Commerce believe that prospects for U.S. exports to Hungary are most favorable in the area of manufactured goods; they specifically cite such products as agricultural equipment and parts, motor-vehicle parts, and construction and mining machinery. The strength of Hungary's agriculture generally limits prospects for U.S. farm products in the Hungarian market, but exports of cotton, animal hides, and animal feedstuffs should continue. 1/

U.S. imports.--U.S. imports from Hungary amounted to $128 million in 1981, which was the third consecutive year in which Hungarian products enjoyed MFN tariff treatment in the United States. Imports exceeded their value in 1978--the last year before MFN status was accorded to Hungary--by 86 percent. Growth of imports from Hungary in 1981 over the 1980 level was 23 percent.

The composition of imports from Hungary remained remarkably stable in 1981 compared with that in the previous year. Imports increased predominantly in their largest category: machinery and transportation equipment (SITC Section 7); they also rose in some smaller SITC sections and did not decline in any major SITC section (table 20).

The typical concentration in imports from Hungary into SITC Sections 7, 0 and 8 (ranked by value) and into a few specific items intensified in 1981. These three major commodity groups accounted for 84 percent, and the six top items alone accounted for 61 percent, of all U.S. imports from Hungary (tables 20 and B-18).

The list of leading import items from Hungary continued to be headed by canned hams. Such imports amounted to $22 million in 1981, falling slightly in quantity although rising somewhat in value. Canned hams made up most of U.S. food imports from Hungary (SITC Section 0), even though wines and paprika were also among the leading 20 items. As a group, food and animal products ranked as the second largest category of imports from Hungary.

Imports of items classfied as machinery and transportation equipment--already the largest SITC category--increased 50 percent in 1981. Amounting to $57.5 million, imports in this group accounted for 45 percent of all U.S. imports from Hungary. Two items--motor-vehicle parts (the second leading import item) and motor buses (the third leading import item) accounted for most of the surge. Motor-vehicle parts amounting to $21 million, made up 36 percent of imports in SITC Section 7. These parts included truck trailer axle-and-brake-assemblies manufactured by a Hungarian firm for several U.S. truck and tractor manufacturers, which during the year became the subject of an antidumping investigation by the U.S. Government, discussed earlier in report.

1/ Business America, Oct. 5, 1981 p. 14.

Electric lamps, the fourth ranking item, have been on the list of top items from Hungary for years. These light bulbs are manufactured and imported by Action-Tungsram, a joint venture between the U.S. firm Action Industries and the Hungarian enterprise Tungsram.

In 1981, miscellaneous manufactures (SITC Section 8) continued to be the third largest category of imports from Hungary. Leather footwear—the sixth leading specific import item from Hungary—accounted for 43 percent of these imports. Duties on leather footwear imported into the United States were reduced from 20 to 10 percent ad valorem when MFN status was conferred on Hungary in 1978. In items of quantity, imports surged in 1980 but declined somewhat in 1981. Imports of miscellaneous manufactures included a wide range of items, none of which were individually significant in value, even in terms of the small U.S.-Hungarian trade. In this group, men's wool suits and coats appeared on the 1981 list of the leading 20 imports from Hungary (table B-18).

Imports of manufactures classified by chief material continued to decline in 1981, with pneumatic tires and glass rods remaining the leading items in this category.

Imports of Hungarian chemicals, while rising in 1981, remained comparatively small. Pesticides were the only chemicals among the top 20 imports from Hungary. U.S. purchases of sulfametazine, a pharmaceutical, which in 1979 made chemicals a comparatively important group in U.S. imports from Hungary, were negligible in 1981. Hungary has an advanced pharmaceutical industry, which is one of the the country's leading hard-currency earners. In 1981, the United States imported a wide variety of Hungarian pharmaceuticals but none of them in significant amounts.

Motor buses were a new addition to the list of major imports from Hungary in 1981, with imports amounting to $10 million. U.S. purchases of Hungarian buses resulted from an agreement between the Hungarian manufacturer Ikarus and the Crown Coach Corp. of California. The bus engines, transmissions, rear axles, seats, and special glass are manufactured by several companies in the United States; the frame, body, and a number of other items are made by Ikarus. The 73-seat buses are imported partially assembled, and they are finished by Crown Coach before delivery to U.S. buyers.

Czechoslovakia

Two-way trade between the United States and Czechoslovakia fell 39 percent in 1981 to a total of $149.7 million. U.S. exports to Czechoslovakia decreased from $185.1 million in 1980 to $82.4 million in 1981 (table 21). The steep decline in exports was caused by a large drop in Czechoslovakia's purchases of U.S. agricultural commodities. During the same period, U.S. imports from that country rose from $61.1 million to $67.2 million. These changes reduced the surplus in the U.S. balance of trade with Czechoslovakia from $124.0 million to $15.2 million.

In addition to calling for slower annual economic growth rates, the new 1981-85 5-year plan emphasized increased productivity and efficiency in all sectors. The Czechoslovak economy may have reached some of the goals set for 1981, judging from data on its economic performance in the first 6 months of

Table 21.--U.S. trade with Czechoslovakia, by SITC 1/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	210,475	141,125	47,715
1	Beverages and tobacco	2,006	3,644	52
2	Crude materials--inedible, except fuel	36,395	11,181	11,598
3	Mineral fuels, lubricants, etc	1	11	7
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	13,357	3,714	2,227
6	Manufactured goods classified by chief material	2,757	4,920	3,372
7	Machinery and transport equipment	10,028	13,763	11,467
8	Miscellaneous manufactured articles	4,784	5,730	5,415
9	Commodities and transactions not elsewhere classified	1,325	1,056	567
	Total	281,129	185,145	82,420
		U.S. imports		
0	Food and live animals	6,712	9,240	10,057
1	Beverages and tobacco	388	660	718
2	Crude materials--inedible, except fuel	649	417	1,253
3	Mineral fuels, lubricants, etc	-	-	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	1,241	1,531	1,515
6	Manufactured goods classified by chief material	13,924	13,739	21,957
7	Machinery and transport equipment	12,522	14,638	14,737
8	Miscellaneous manufactured articles	13,979	20,330	16,570
9	Commodities and transactions not elsewhere classified	484	546	427
	Total	49,899	61,102	67,232

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

the year. Nominal national income increased by 2.4 percent in the first half of 1981, according to a Government report released on July 27, 1981. 1/ The rate of growth of industrial production was 1.8 percent higher in the first 6 months of 1981 than in the corresponding period of 1980, when the annual rate was 3.8 percent. Labor productivity increased by 2 percent, marginally below the 2.1-percent planned rate. Overall investment decreased by 2.6 percent in the first half of 1981.

Czechoslovakia has been experiencing economic problems similar to those of other Eastern European NME's. It has shortages of food, energy, and labor, especially skilled labor. One of the Government's goals is to achieve self-sufficiency in basic food supplies. The target for grain production in 1981 was 11.06 million tons. However, a grain harvest shortfall of 1.6 million tons due to adverse weather conditions was reported in late October 1981. This would imply a harvest of approximately 9.5 million tons, 5.7 percent below the average of the previous 5 years. 2/ Even in a good harvest year, grain production has not been adequate to support the population. Czechoslovak trade statistics show that in 1970-80, average annual imports of grain amounted to about 1.6 million tons.

Czechoslovakia is also heavily dependent upon imports of energy. About 30 percent of its total energy consumption has been supplied by foreign sources, primarily the U.S.S.R. In 1979, Czechoslovak imports of petroleum and products from the U.S.S.R. were valued at $1.7 billion. Facing the prospect of increasing expenditures for energy imports, the Government has tried to reduce domestic consumption. On October 14, 1981, the Government announced that the price of gasoline and other petroleum products would increase between 20 and 30 percent.

In 1980, total Czechoslovak exports were up 14 percent to $14.6 billion and imports rose by 8 percent to $14.8 billion, resulting in a global trade deficit of $0.2 billion. The overall trade balance may have improved in 1981. 3/ Compared with those in the first half of 1980, total exports in the first half of 1981 increased by 7.9 percent and imports increased by 4.6 percent. Exports to non-Communist countries increased by 6.2 percent, but imports were 2.3 percent lower.

The shares of Czechoslovakia's trade accounted for by particular partners were stable during 1970-80. In 1980, 36 percent of Czechoslovak trade was with the U.S.S.R., 34 percent was with the other Eastern European NME's, 19 percent was with the industrialized West, and 11 percent was with developing and other countries.

Czechoslovakia's basic trading strategy is to exchange its industrial goods for Western equipment and technology. In the past decade, Czechoslovakia's balance of trade with the industrialized West was in deficit in every year except 1980, when its exports were $2.97 billion and imports amounted to $2.78 billion. As a result of its persistent deficit,

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1/ The Economist Intelligence Unit, Ltd., Quarterly Economic Review of Czechoslovakia, Hungary, 4th quarter, 1981, p. 8.

2/ U.S. Department of Agriculture, Economic Research Service, East European Agricultural Highlights, 1981, Jan. 8, 1982, p. 45.

3/ Data on total Czechoslovakia trade in 1981 is for January-June only.

Czechoslovakia's net hard-currency debt mounted from $160 million in 1971 to $3.5 billion in 1980. 1/ Probably because of its shortage of hard currency, Czechoslovakia's imports from the West declined 3.5 percent by value in the first 10 months of 1981 from those in the corresponding period of 1980. The FYP target was a 6.7-percent increase in 1981. Exports went up 2.2 percent in the first 10 months of 1981, compared with a planned 9.1-percent increase. 2/

Among industrialized Western countries, West Germany has been Czechoslovakia's leading trading partner. In 1980, West Germany accounted for 37.2 percent of their imports from it.

Czechoslovakia's 1981-85 FYP also calls for increased cooperation with other Soviet bloc countries and active participation in the economic intergration program of CMEA, with particular emphasis on establishing closer links between the Czechoslovak and Soviet economies. If these guidelines are strictly followed, it is unlikely that Czechoslovak trade with the West will increase substantially during 1981-85.

U.S. exports.—U.S. exports to Czechoslovakia dropped 55 percent, to $102.7 million in 1981. This sharp decline can be explained by the reduction in U.S. exports of food and live animals (SITC Section 0). Food exports, which accounted for 76.2 percent of the total sales in 1980. They decreased by 66.2 percent, from $141.2 million to $47.7 million, in 1981. Nevertheless, food and live animals remained the leading category of U.S. exports to Czechoslovakia, accounting for 57.9 percent of the total value of this trade in 1981. Exports of inedible crude materials, except fuel (SITC Section 2) increased by 3.7 percent, to $0.4 million. U.S. exports to Czechoslovakia in all other SITC sections decreased in 1981. Particularly steep declines were recored in exports of beverages and tobacco (SITC Section 1) and machinery and transport equipment (SITC Section 7). Exports of beverages and tobacco decreased by $3.6 million, or 98.5 percent, and exports of machinery and transport equipment decreased by $2.3 million, or 16.7 percent.

U.S. exports to Czechoslovakia are dominated by a few agricultural products. Yellow corn, soybean oilcake and meal, and unmilled wheat accounted for 74.6 percent of U.S. exports to Czechoslovakia in 1980 and for 56.8 percent in 1981 (table B-19). About 29.4 percent of the reduction in the total exports in 1981 resulted from a decline in corn exports. Soybeans, soybeans oilcake and oil cake meal, and unmilled wheat were responsible for another 49.5 percent of the reduction. Exports of these three items together decreased by $91.3 million.

The share of nonagricultural exports in total sales to Czechoslovakia increased in 1981. U.S. sales to Czechoslovakia of manufactured goods (SITC Section 6,7, and 8) declined, though less sharply than agricultural exports. Exports of a few manufactured products increased substantially: reeling or winding machines sales were up from $72,248 in 1980 to $2.0 million in 1981, and exports of electric traffic-control equipment increased from $2,004 to $864,667.

1/ U.S. Department of Commerce, International Trade Administration, U.S.-Czechoslovakia Trade Trends, January-June 1981, October 1981, p. 15.

2/ Business Eastern Europe, Jan. 1, 1982, p.5.

U.S. imports.--U.S. imports from Czechoslovakia increased by 10 percent from 1980 to 1981. There were no significant changes in the composition of these imports. As in previous years, U.S. imports were made up mainly of manufactured goods (SITC Section 6-8), which accounted for approximately 80 percent of the total.

The leading import section was manufactured goods classified by chief material (SITC Section 6). U.S. imports of products in this category increased by $8.2 million, or 60 percent, in 1981. Individual items showing notable increases were oil well casings, imports of which rose from $3.2 million in 1980 to $8.3 million (table B-20), and truck and bus tires, imports of which rose from $0.4 million to $1.3 million. During the past few years Czechoslovakia has modernized its automobile and related industries. The quality of its tires has improved, and they appear to be competitive with those of other countries exporting to the U.S. tire market.

In 1981 imports of only food and live animals (SITC Section 0), and machinery and transport equipment (SITC Section 7) continued the upward trend they had maintained since 1977. Section 0 imports were up 8.8 percent, and section 7 imports rose 0.7 percent. The two principal imports items in section 0 were pork hams and shoulders, and hops. Imports of pork hams and shoulders rose 7.7 percent to $4.7 million, and imports of hops rose 13.3 percent to $5.0 million. The largest increase in the machinery and transport equipment section was in motorcycle engines, imports of which rose from $1.3 million in 1980 to $1.4 million in 1981.

Although imported footwear (SITC Section 8) declined from $13.5 million in 1980 to $9.1 million in 1981, it still accounted for 13.5 percent of total U.S. imports from Czechoslovakia in 1981. More than 99 percent of footwear imported from Czechoslovakia consisted of leather shoes. For producing leather shoes, Czechoslovakia imported $8.5 million in cattle hides from the United States in 1981.

Other Countries

Vietnam, Albania, Mongolia, Cuba, and North Korea were not individually discussed in this report. As indicated in table 22, the aggregate trade turnover between the United States and these five countries was $24.7 million or 0.2 percent of total U.S.-NME trade. A discussion of pertinent developments in trade with these countries is included in "Overview of U.S. Trade With the Nonmarket Economy Countries in 1981" early in this report. The leading items exported to and imported from each country are shown in appendix B.

Table 22.—U.S. trade with selected 1/ nonmarket economy countries, by SITC 2/ Nos. (Revision 2), 1979-81

(In thousands of dollars)

SITC Section No.	Description	1979	1980	1981
		U.S. exports		
0	Food and live animals	-	-	153
1	Beverages and tobacco	-	-	-
2	Crude materials--inedible, except fuel	151	224	450
3	Mineral fuels, lubricants, etc	9,459	6,307	5,598
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	187	504	788
6	Manufactured goods classified by chief material	7	17	37
7	Machinery and transport equipment	684	339	177
8	Miscellaneous manufactured articles	335	470	953
9	Commodities and transactions not elsewhere classified	162	359	8,749
	Total	10,956	8,222	16,905
		U.S. imports		
0	Food and live animals	25	65	33
1	Beverages and tobacco	194	-	-
2	Crude materials--inedible, except fuel	12,550	12,794	7,382
3	Mineral fuels, lubricants, etc	-	-	-
4	Oils and fats--animal and vegetable	-	-	-
5	Chemicals	3/	54	86
6	Manufactured goods classified by chief material	48	22	10
7	Machinery and transport equipment	476	3/	35
8	Miscellaneous manufactured articles	306	81	141
9	Commodities and transactions not elsewhere classified	143	28	114
	Total	13,745	13,046	7,799

1/ Albania, Mongolia, Vietnam, Cuba, and North Korea.
2/ Standard International Trade Classification.
3/ Less than $500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

APPENDIX A

MAJOR ITEMS IN U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES

Table A-1.—20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., 1980 and 1981 1/

Schedule B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's in 1981
			1980	1981	
			Percent		1,000 dollars
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents.	U.S.S.R	80.4	91.9	166,002
112.6000	Fish in airtight containers, other than canned	Poland	-	87.5	5,819
121.0515	Bovine leather, rough, russet and crust, wet blue, not split.	China	86.5	82.3	3,834
309.4242	Polyester fibers in noncontinuous form	do	64.9	78.1	282,075
699.0030	Tugboats and towboats, nonmilitary	do	-	72.7	19,982
176.2520	Linseed oil, crude	U.S.S.R	10.1	72.3	12,401
300.1530	Cotton, American pima and sea island, staple length 1-1/8 inches or more.	Poland	33.7	66.3	7,289
252.8230	Wrapping and packaging paper, and paperboard	China	68.9	65.9	4,858
113.8040	Fish balls, cakes, puddings, pastes, and sauces, not canned.	Poland	-	64.6	1,886
674.3529	Gear tooth grinding and finishing machine tools	U.S.S.R	39.8	59.0	10,674
121.7060	Leather, n.s.p.f	China	31.8	53.9	33,682
310.0010	Textured yarns, continuous manmade fibers, of polyestet.	do	32.6	52.9	151,370
116.0100	Butter	Poland	-	50.0	44,486
358.0400	Other belting and belts, for machinery, of textile fibers, except v-belts.	U.S.S.R	.2	47.5	10,758
444.6000	Polyester resins, unsaturated, including allyl resins.	China	55.6	45.9	31,877
300.1550	Other cotton having a staple length 1-1/8 inches or more.	do	36.3	45.8	194,215
664.1074	Pipehandlers	U.S.S.R	-	44.7	24,437
310.0008	Textured yarns, continuous manmade fibers, of nylon, less than 1,000 denier.	China	17.8	44.2	15,775
345.5052	Knit fabrics, of noncellulosic fibers, circular, except double knit.	do	-	42.1	5,384
475.4555	Insulating or transformer oils	U.S.S.R	-	39.8	16,139

1/ Only items which accounted for at least 1 million dollars' worth of exports in 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-2.—20 U.S. export items to the nonmarket economy countries (NME's) which changed substantially, by Schedule B Nos., 1981 1/

Schedule B No.	Commodity	Major NME customer	Percentage change, 1981 from 1980		Value of exports to all NME's in 1981
			All NME's	World	
					1,000 dollars
668.0840	Parts of machines for processing or finishing pulp, n.s.p.f.	China	1,559.8	28.9	11,477
818.3900	Other commodities donated for relief or charity by individuals or private agencies.	Vietnam	1,281.7	53.5	12,127
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents.	U.S.S.R	851.8	732.8	166,002
176.2520	Linseed oil, crude	do	780.6	23.2	12,401
486.8900	Herbicide preparations	China	712.4	.5	6,898
404.2250	Terephthalic acid dimethyl ester	do	572.7	25.0	12,693
250.0232	Wood pulp, unbleached, suphate and soda	do	564.7	-12.4	3,947
177.5000	Lard	Poland	557.7	73.5	11,977
310.0034	Polyester continuous yarns of low tenacity	China	514.4	50.4	3,922
661.7060	Industrial machinery for treatment of chemicals, and parts thereof.	do	487.0	-43.4	4,297
683.9540	Parts for industrial and laboratory furnaces, ovens, induction and dielectric heating equipment.	Poland	-92.3	3.8	671
772.6220	Wrapped reinforced hose, of rubber or plastic	do	-91.7	-19.3	788
444.2310	Polyvinyl chloride and copolymer resins, uncompounded.	do	-89.6	11.8	543
664.0513	Drilling and boring machines, n.s.p.f	China	-89.2	2.3	602
433.1066	Lubricating oil and grease additive preparations, n.s.p.f.	do	-88.5	-3.0	877
121.5707	Bovine upper leather except calf or kip	do	-87.3	-41.6	1,726
676.2855	Printers for automatic data processing	do	-84.6	12.7	779
666.0041	Combines, self-propelled	Hungary	-83.3	22.9	554
630.3540	Magnesium, unwrought	do	-81.7	-22.1	1,683
699.1040	Parts n.s.p.f., of ships	China	-80.2	39.4	1,039

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both 1980 and 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-3.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by TSUS items, 1980 and 1981 1/

TSUS item No.	Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's in 1981
			1980	1981	
			Percent		1,000 dollars
417.2800	Ammonium molybdate	China	96.6	2/ 99.9	15,379
542.3120	Ordinary glass, 16-18.5 oz/sq. ft	Romania	90.0	98.1	2,551
365.0000	Handmade lace furnishings	China	88.9	97.3	1,288
306.4293	Camel hair, greasy or washed	do	86.5	96.0	4,938
186.3000	Bristles, crude, or processed	do	90.2	95.7	7,029
380.0609	Men's and boys' jogging jackets	Romania	76.8	91.7	4,344
222.5700	Floor coverings of unspun fibrous vegetable materials.	China	88.3	90.3	9,664
494.2000	Montan wax	East Germany.	88.0	87.9	1,195
366.6000	Cotton furnishings, pile or tufted construction, n.e.s.	China	80.4	87.8	2,256
702.3785	Headwear, not caps, other fibers	do	81.1	86.7	8,744
363.3020	Cotton pillowcases, not ornamented	do	87.6	85.0	2,361
380.3941	Men's and boys' other cotton suit-type coats and jackets.	Poland	80.0	82.1	4,872
546.6240	Table, kitchen cookware, glass containers, cut or engraved.	Romania	85.6	79.3	1,332
365.9110	Net furnishings, silk, ornamented or not ornamented.	China	82.4	79.1	1,412
366.2740	Cotton shop towels, not ornamented or jacquard-figured.	do	42.5	78.8	7,199
365.8670	Net or other ornamented tablecloths and napkins.	do	64.3	76.3	5,486
308.0440	Other raw silk in skeins	do	70.4	75.0	6,863
413.3200	Coumarin	do	81.7	74.4	1,047
533.6200	Chinaware, nonbone or subporcelain, household	do	32.4	74.1	8,470
606.3100	Ferromolybdenum	China	-	72.6	4,610

1/ Only items which accounted for at least 1 million dollars' worth of imports in 1981 are included in this table.

2/ Actually 99.95 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-4.—20 U.S. import items from the nonmarket economy countries (NME's) which changed substantially, by TSUSA items, 1981 1/

TSUSA item No.	Commodity	Major NME supplier	Percentage change, 1981 from 1980		Value of imports from all NME's in 1981
			All NME's	World	
					1,000 dollars
706.1830	Handbags of unspun fiber	China	478.8	90.2	6,420
680.3712	Radial ball bearings, outside diameter over 30, not over 52mm.	Romania	417.4	224.5	6,154
610.4930	Steel pipes, not alloy, seamless	do	398.4	163.6	8,725
680.3717	Radial ball bearings, outside diameter over 52, not over 100mm.	do	389.4	222.3	3,085
382.0459	Women's manmade fiber blouses, not knit	China	388.5	101.6	4,903
618.2565	Aluminum sheets and strip, wrought, not clad	Romania	372.2	98.0	5,109
326.3092	Woven fabrics, chief value of cotton, not fancy, figured, bleached, or colored, of numbers 30-39.	China	354.9	311.5	15,068
475.2520	Gasoline	do	326.6	80.9	348,986
607.6615	Steel plates, not in coils, not alloyed	Romania	322.6	31.8	124,470
664.1056	Hydraulic jacks	China	320.7	35.2	3,885
748.4062	Women's, girls' or infants' down-filled wearing apparel with an outer shell of cotton.	do	-87.3	-85.9	532
653.2200	Metal coins	do	-83.5	-33.0	7,121
521.3180	Coal n.s.p.f., including culm, slack, and lignite.	Poland	-81.2	-30.3	1,439
629.1200	Titanium waste and scrap	U.S.S.R	-80.3	-30.9	1,865
605.0710	Platinum bars, semimanufactured	do	-79.8	-35.7	1,413
382.3305	Women's cotton blouses, yarn	China	-76.3	34.2	980
605.0750	Palladium bars, semimanufactured	U.S.S.R	-75.9	-41.0	2,815
605.2020	Gold bullion, refined	do	-75.1	-22.5	21,369
192.4000	Licorice root	China	-74.5	-40.3	3,202
601.4200	Tantalum ore	do	-73.8	-26.0	744

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both 1980 and 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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APPENDIX B

LEADING U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET ECONOMY COUNTRIES

Table B-1.—Leading items exported to the nonmarket economy countries (NME's), by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.6540	Wheat, unmilled, not donated for relief	$2,096,129,638	$1,582,051,901	$610,224,708
130.3465	Yellow corn, not donated for relief	1,758,241,233	1,767,695,443	504,886,144
309.4242	Polyester fibers, noncontinuous	282,074,784	185,333,972	74,235,197
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	280,324,394	575,360,777	35,780,211
184.5260	Soybean oilcake and meal	275,627,965	311,365,343	17,812,776
300.1550	Other cotton, staple length 1-1/8 inches or more	194,214,585	160,960,548	84,025,329
175.4100	Soybeans, n.e.s	187,760,527	329,827,182	40,471,496
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	168,898,030	17,440,329	97,957,994
310.0010	Textured yarns, of polyester	151,369,584	46,225,264	39,981,198
480.7015	Phosphoric acid, less than 65 percent available phosphorus pentoxide equivalents	88,249,036	2,087,556	-
480.8005	Diammonium phosphate fertilizer	76,411,407	85,168,077	20,531,013
480.7050	Concentrated superphosphates	69,729,321	39,487,568	27,561,716
200.3510	Douglas-fir logs and timber, rough	63,977,845	34,285,868	23,242,000
692.3160	Tracklaying tractors, new, with net engine horsepower of 345 and over	57,792,142	51,935,042	11,421,726
177.5640	Tallow, inedible	57,287,050	46,899,508	6,161,544
692.3820	Parts of tracklaying tractors, n.s.p.f	56,471,674	44,596,177	10,388,520
120.1400	Cattle hides, whole	45,248,097	71,520,908	9,330,119
116.0100	Butter	44,485,944	-	19,636,648
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	40,029,256	18,751,998	7,606,096
664.0584	Parts, n.e.s., of oil and gas field drilling machines	37,511,434	26,277,794	6,101,671
	Total	6,031,833,946	5,397,271,255	1,647,356,106
	Total, U.S. exports to East-West countries	7,943,245,726	7,599,875,506	2,100,556,888

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-2.--Leading items imported from the nonmarket economy countries (NME's), by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
475.2520	Gasoline	$348,985,851	$81,809,456	$120,255,103
145.4880	Peanuts, shelled	151,587,573	27,378	1,195,633
107.3525	Canned hams and shoulders, 3 pounds and over	127,271,207	177,757,319	17,563,117
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	124,470,081	29,450,917	25,049,900
475.3500	Naphthas, derived from petroleum, etc., n.e.s	103,236,797	70,840,678	-
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	89,613,579	387,662	-
480.6540	Anhydrous ammonia	78,413,750	94,796,182	27,140,351
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	54,280,199	44,780,842	13,766,751
620.0300	Nickel, unwrought	37,775,824	21,082,705	2,149,548
605.0260	Palladium	31,264,641	54,562,774	6,329,833
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	29,686,061	21,351,295	6,196,358
472.1000	Barytes ore, crude	27,431,332	18,560,490	5,455,593
660.9756	Reciprocating pumps, other, except parts	26,737,053	180,431	8,032,921
186.1560	Feathers, not meeting Federal standards	25,007,692	20,852,510	3,387,612
755.1500	Fireworks	24,323,907	23,181,017	6,590,243
382.1220	Women's, girls', or infants' coats, 3/4-length or longer, corduroy, valued over $4 each	22,440,073	6,942,578	2,381,182
622.0200	Tin, other than alloyed, unwrought	22,262,960	13,854,486	11,789,999
605.2020	Gold bullion, refined	21,369,046	85,694,910	3,020,137
692.3288	Parts for motor vehicles, n.e.s	21,304,613	15,035,171	3,491,714
601.5400	Tungsten ore	20,674,391	16,129,800	7,269,491
	Total	1,388,136,630	797,278,601	271,067,486
	Total, U.S. imports from East-West countries	3,379,653,435	2,439,262,605	798,840,221

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-3.—Leading items exported to China, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.6540	Wheat, unmilled, not donated for relief	$1,268,977,341	$1,039,308,818	$305,234,956
309.4242	Polyester fibers, noncontinuous	281,798,675	182,915,820	74,235,197
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	270,250,482	538,955,612	32,612,856
300.1550	Other cotton, staple length 1-1/8 inches or more	192,363,993	158,017,837	84,025,329
310.0010	Textured yarns, of polyester	151,369,584	45,168,346	39,981,198
175.4100	Soybeans, n.e.s	129,708,438	155,190,644	32,039,496
480.8005	Diammonium phosphate fertilizer	76,411,407	85,168,077	20,531,013
200.3510	Douglas-fir logs and timber, rough	63,977,845	34,285,868	23,242,000
130.3465	Yellow corn, not donated for relief	62,461,114	224,540,392	41,302,154
252.781[illegible]	Kraft linerboard	36,765,623	79,966,494	-
444.17[illegible]	Thermoplastic resins; polypropylene resins	33,771,417	11,925,126	12,979,301
121.70[illegible]	Leather, n.e.s	33,673,019	9,218,739	7,707,366
480.70[illegible]	Concentrated superphosphates	32,579,445	29,544,698	17,836,568
338.29[illegible]	Woven fabrics of polyester, continuous	30,557,132	7,317,407	7,104,793
444.6000	Polyester resins, unsaturated, etc	30,403,673	50,836,636	1,771,920
309.4245	Acrylic and modacrylic fibers (in noncontinuous form)	29,043,497	10,333,858	5,652,547
664.0584	Parts, n.e.s., of oil and gas field drilling machines	28,071,072	22,703,206	1,107,087
250.0281	Wood pulp, sulphate and soda, bleached, softwood	24,926,966	11,776,945	847,370
250.0225	Wood pulp, sulphite, bleached	23,756,935	32,845,515	774,920
338.2960	Woven fabrics of manmade fibers, blends wholly of polyester and cotton	21,831,261	7,380,619	1,133,239
	Total	2,822,698,919	2,737,402,657	710,119,310
	Total, U.S. exports to China	3,598,600,792	3,748,993,443	921,812,801

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-4.--Leading items imported from China, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
475.2520	Gasoline	$258,744,443	$81,809,456	$93,735,158
145.4880	Peanuts, shelled	151,587,573	27,378	1,195,633
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	47,159,553	36,094,237	12,266,208
475.3500	Naphthas, derived from petroleum, etc., n.e.s	36,670,080	30,946,427	-
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	29,686,061	21,351,295	6,198,358
472.1000	Barytes ore, crude	27,431,332	18,560,490	5,455,593
755.1500	Fireworks	24,323,907	23,181,017	6,590,243
622.0200	Tin, other than alloyed, unwrought	22,262,960	13,854,486	11,789,999
186.1560	Feathers, not meeting Federal standards	21,744,897	18,755,208	2,855,491
601.5400	Tungsten ore	20,674,391	16,129,800	7,269,491
382.1220	Women's, girls', or infants' coats, 3/4-length or longer, corduroy, valued over $4 each	20,569,607	5,279,588	2,197,922
222.4000	Baskets and bags of bamboo	17,861,516	12,781,224	5,457,668
382.3353	Women's slacks, etc., of cotton, corduroy, not knit	17,576,302	7,267,819	2,996,259
417.2800	Ammonium molybdate	15,379,413	22,507,926	1,791,243
144.2053	Straw mushrooms in containers each holding more than 9 ounces	15,195,185	7,147,415	4,719,088
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	15,068,203	3,312,656	2,719,792
766.2560	Antiques, n.s.p.f	13,989,087	13,816,690	3,647,256
380.0652	Men's and boys' shirts, of cotton, knit, n.s.p.f	11,990,270	2,401,448	2,828,390
382.8137	Other women's blouses and shirts of manmade fibers, not knit	11,182,485	5,682,499	3,152,433
704.4010	Gloves, of cotton, without fourchettes	11,144,510	7,805,704	2,873,263
	Total	790,241,775	348,712,763	179,739,488
	Total, U.S. imports from China	1,830,027,004	1,039,176,550	468,253,246

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-5.--Leading items exported to the U.S.S.R., by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$781,675,441	$602,155,585	$315,754,959
130.6540	Wheat, unmilled, not donated for relief	772,563,226	336,084,227	304,989,752
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	168,898,030	17,440,329	97,957,994
480.7015	Phosphoric acid, less than 65 percent available phosphorus pentoxide equivalents	88,249,036	-	-
692.3160	Tracklaying tractors, new, with net engine horsepower of 345 and over	56,555,178	51,261,032	11,421,726
692.3820	Parts of tracklaying tractors, n.s.p.f	48,537,702	38,554,592	8,608,450
177.5640	Tallow, inedible	48,508,766	28,148,185	2,559,255
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	35,386,633	9,644,671	6,190,916
517.5120	Petroleum coke, calcined	33,055,016	19,718,482	11,807,967
601.2200	Copper ore	24,975,063	-	17,964,302
664.1074	Pipehandlers, n.s.p.f	24,436,800	-	12,811,191
790.5510	Pressure-sensitive tape, with plastic backing	19,691,851	42,387,256	4,042,504
475.4555	Insulating or transformer oils	16,138,998	-	8,167,496
145.4300	Shelled almonds, not blanched	16,003,365	17,399,345	-
155.2025	Crystalline or dry amorphous sugar beets or sugar cane, suitable for human consumption without further refining	15,603,140	-	-
192.2500	Hops	13,895,565	10,229,736	3,886,962
475.4580	Lubricating oils, n.s.p.f., except white mineral oils	12,001,620	1/	-
358.0400	Belting and belts, for machinery, of textile fibers, n.e.s	10,748,387	7,814	-
674.3529	Metalworking machines for gear-tooth grinding and finishing, valued at least $2,500 each	10,529,946	3,950,987	-
601.3300	Molybdenum ore	9,546,553	2,802,093	-
	Total 2/	2,207,000,316	1,179,784,334	806,163,474
	Total, U.S. exports to the U.S.S.R.	2,429,711,166	1,509,727,806	878,534,117

1/ Prior to Jan. 1, 1981, this item was classified under the now deleted and more comprehensive item 475.4565.
2/ Because of changes in the Schedule B trade classifications from 1980 to 1981, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-6.--Leading items imported from the U.S.S.R., by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	$80,705,632	-	-
480.6540	Anhydrous ammonia	78,413,750	$94,796,182	$27,140,351
620.0300	Nickel, unwrought	37,775,824	20,748,311	2,149,548
605.0260	Palladium	31,142,395	54,562,774	6,329,833
605.2020	Gold bullion, refined	21,368,137	85,694,910	3,020,137
475.3500	Naphthas, derived from petroleum, etc., n.e.s	16,592,091	4,975,238	-
422.5220	Uranium compounds, fluorides	11,278,337	34,603,033	11,278,337
475.1035	Heavy fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal vicosity at 100 degrees F of more than 125 seconds	9,466,806	-	-
124.1045	Sable furskins, whole, undressed	8,119,886	5,937,533	2,252,956
605.0290	Platinum group metals and combinations, n.e.s	6,397,167	5,521,753	82,420
169.38[illegible]0	Vodka, in containers holding not over 1 gallon, valued over $7.75 per gallon	5,798,505	1,897,857	1,626,004
605.0220	Platinum sponge	4,625,530	4,603,506	1,186,452
605.0270	Rhodium	3,475,170	6,276,312	170,305
240.1440	Plywood, with face ply of birch, not face finished	3,209,310	1,123,157	906,558
618.1000	Aluminum waste and scrap	2,995,935	-	782,675
605.0750	Palladium bars, plates, etc	2,814,968	11,658,442	541,697
601.1560	Chrome ore, 46 percent or more chromic oxide	2,772,504	1,718,535	1,751,904
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	2,456,132	3,791,388	749,700
245.2020	Hardboard valued over $96.66-2/3 per short ton, other	1,977,160	607,516	1,047,597
629.1420	Titanium sponge, unwrought	1,745,625	2,740,871	-
	Total	333,130,864	341,257,318	61,016,474
	Total, U.S. imports from the U.S.S.R.	356,961,182	430,386,955	67,555,741

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-7.--Leading items exported to Eastern Europe, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$914,104,678	$940,999,466	$147,829,031
184.5260	Soybean oilcake and meal	275,627,965	311,365,343	17,812,776
130.6540	Wheat, unmilled, not donated for relief	54,589,071	206,658,856	-
175.4100	Soybeans, n.e.s	49,620,089	129,314,764	-
116.0100	Butter	44,485,944	-	19,636,648
120.1400	Cattle hides, whole	39,027,090	60,858,379	5,041,673
480.7050	Concentrated superphosphates	37,149,876	9,942,870	9,725,148
521.3120	Bituminous coal, n.e.s	25,549,303	16,093,806	3,228,256
415.4500	Sulfur, native elemental or recovered	23,843,581	7,155,852	7,296,055
521.3110	Low volatile bituminous coal	15,398,695	45,525,804	2,172,306
480.4500	Phosphates, crude, and apatite	13,087,587	48,947,378	-
170.3320	Flue-cured cigarette filler tobacco, stemmed	12,433,133	14,398,392	3,553,802
115.5700	Nonfat dry milk, containing not over 3 percent of butterfat, other	12,401,473	-	3,285,392
177.5000	Lard	11,976,939	1,821,029	-
130.1040	Barley, n.s.p.f	10,703,709	1/	-
170.6500	Cigarettes	10,693,670	2,583,878	516,512
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	10,073,912	36,286,943	3,167,355
692.3820	Parts of tracklaying tractors, n.s.p.f	7,272,655	5,808,137	1,749,816
177.5640	Tallow, inedible	7,035,535	3,213,380	3,059,039
300.1530	American Pima cotton and Sea Island cotton	6,979,843	3,805,415	-
	Total 2/	1,582,054,748	1,844,779,692	228,072,809
	Total, U.S. exports to Eastern Europe	1,898,028,635	2,332,932,687	289,387,026

1/ Prior to Jan. 1, 1981, this item was classified under the now deleted and more comprehensive item 130.1000.

2/ Because of the changes in the Schedule B trade classifications from 1980 to 1981, comparisions are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-8.—Leading items imported from Eastern Europe, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$127,271,207	$177,757,319	$17,563,117
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	124,470,081	29,450,917	25,049,900
475.2520	Gasoline	90,241,408	-	26,519,945
475.3500	Naphthas, derived from petroleum, etc., n.e.s	49,974,626	34,919,013	-
692.3288	Parts for motor vehicles, n.e.s	21,079,004	15,028,996	3,448,585
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	18,391,090	14,569,403	4,815,903
660.9756	Reciprocating pumps, other, except parts	17,934,607	180,431	5,487,358
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	16,798,551	5,157,233	6,785,142
700.3550	Men's footwear, of leather, n.e.s., cement soles	16,565,623	20,513,783	3,111,131
610.3920	Oil well casing, other than alloy steel, not advanced	14,945,971	4,463,335	4,898,987
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	14,210,587	22,503,120	4,056,540
674.3512	Machine tools, metal-cutting, engine or toolroom	12,995,452	8,894,878	2,928,199
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	12,649,233	11,619,751	1,895,904
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	10,754,374	7,010,838	2,289,048
692.3460	Parts for agricultural tractors	10,717,598	11,474,474	2,996,731
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	10,696,542	8,838,864	3,175,929
727.3540	Furniture, of wood, n.s.p.f	10,380,758	9,284,813	3,288,303
692.0440	Motor buses, other (including diesel)	10,049,089	-	5,170,220
110.4740	Pollock blocks, frozen, over 10 pounds	9,926,053	6,528,801	44,983
380.6653	Men's suits, of wool, valued over $4 per pound	9,649,778	6,976,443	1,942,714
	Total	609,701,632	395,172,412	125,468,639
	Total, U.S. imports from Eastern Europe	1,184,865,425	956,653,868	261,389,825

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-9.--Leading items exported to Romania, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$226,078,974	$157,902,511	$16,195,214
184.5260	Soybean oilcake and meal	86,697,465	69,233,593	-
521.3120	Bituminous coal, n.e.s	25,549,303	15,659,411	3,228,256
415.4500	Sulfur, native elemental or recovered	22,069,070	7,155,852	7,296,055
120.1400	Cattle hides, whole	22,047,518	28,813,826	-
175.4100	Soybeans, n.e.s	17,916,318	61,667,711	-
521.3110	Low volatile bituminous coal	15,398,695	45,525,804	2,172,306
130.6540	Wheat, unmilled, not donated for relief	3,379,214	89,091,801	-
170.6500	Cigarettes	7,045,944	-	-
480.4500	Phosphates, crude, and apatite	6,396,531	17,275,028	-
772.5000	Pneumatic tires for agricultural machinery	4,147,771	791,967	1,185,286
676.5560	Parts for automatic data processing machines and units, n.s.p.f	3,785,679	5,163,028	895,430
250.0284	Wood pulp, special alpha and dissolving grades	3,395,587	4,988,467	-
674.9002	Parts, for appliances, other	2,716,482	1,301,814	-
486.2900	Insecticides, unmixed, n.e.s	2,716,225	2,160	-
119.5300	Eggs in the shell, other	2,702,686	-	-
664.1096	Parts, for oil and gas field lifting equipment, other	2,610,000	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	1,903,419	15,000	-
678.3075	Parts for glassworking machines	1,750,000	-	-
140.3100	Beans, seed	1,412,292	43,555	-
	Total	464,719,173	504,631,528	30,972,547
	Total, U.S. exports to Romania	503,889,756	720,231,101	37,031,635

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-10.--Leading items imported from Romania, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
475.2520	Gasoline	$90,241,408	-	$26,519,945
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	87,785,660	$11,297,155	21,651,577
475.3500	Naphthas, derived from petroleum, etc., n.e.s	49,974,626	34,919,013	-
660.9756	Reciprocating pumps, other, except parts	17,919,863	123,127	5,486,726
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	15,002,428	4,803,770	6,274,258
107.3525	Canned hams and shoulders, 3 pounds and over	13,932,873	17,568,065	2,812,770
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	12,649,233	11,619,751	1,895,904
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	10,535,975	6,582,255	2,097,513
690.3560	Parts of cars, other	9,248,549	1/	2,403,322
727.3540	Furniture, of wood, n.s.p.f	9,092,317	7,922,242	2,962,674
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	8,907,947	-	-
610.4930	Hollow bars, not suitable for use in manufacture of ball or roller bearings, n.e.s	8,552,764	1,750,687	4,039,680
700.3550	Men's footwear, of leather, n.e.s., cement soles	8,482,319	8,062,503	1,599,314
610.3920	Oil well casing, other than alloy steel, not advanced	8,422,155	1,567,948	3,312,347
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	6,957,247	8,568,494	1,478,367
700.4560	Women's footwear, of leather, n.e.s., valued over $2.50 per pair	6,093,075	1,638,732	1,388,076
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	5,762,149	13,799,089	1,159,491
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	5,330,635	3,895,122	1,226,881
382.8163	Women's wearing apparel of manmade fibers, n.e.s	4,689,327	3,134,259	837,141
618.2565	Aluminum sheets and strip, not clad, wrought	4,673,571	1,081,896	931,577
	Total 2/	384,254,121	138,334,108	88,077,563
	Total, U.S. imports from Romania	559,448,601	310,561,118	129,420,841

1/ Prior to Jan. 1, 1981, this item was classified under the now-deleted and more comprehensive item 690.3500.
2/ Because of changes in the TSUSA trade classifications from 1980 to 1981, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-11.--Leading items exported to Poland, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$335,353,646	$293,207,062	$39,559,966
184.5260	Soybean oilcake and meal	73,539,706	72,023,323	-
116.0100	Butter	44,485,944	-	19,636,648
175.4100	Soybeans, n.e.s.	25,287,422	66,808,502	-
130.6540	Wheat, unmilled, not donated for relief	17,035,853	58,570,278	-
115.5700	Nonfat dry milk, containing not over 3 percent of butterfat, other	12,401,473	-	3,285,392
177.5000	Lard	11,976,939	1,821,029	-
177.5640	Tallow, inedible	7,031,705	3,213,380	3,058,039
300.1530	American Pima cotton and Sea Island cotton	6,979,843	3,805,415	-
480.4500	Phosphates, crude, and apatite	6,691,056	31,672,350	-
692.3820	Parts of tracklaying tractors, n.s.p.f	6,379,422	5,508,993	1,269,683
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	6,188,939	6,215,265	-
112.6000	Fish, in airtight containers, other than canned	5,818,995	-	-
120.1400	Cattle hides, whole	5,484,581	19,451,073	2,119,578
170.3320	Flue-cured cigarette filler tobacco, stemmed	5,461,368	9,115,036	1,248,599
184.5000	Linseed oilcake and meal	4,989,502	2,955,108	-
818.3900	Products, n.e.s., donated for relief	4,601,110	674,653	3,274,443
115.5040	Nonfat dry milk, not donated for relief or charity	4,590,365	-	1,516,204
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	4,511,923	-	3,276,628
176.5220	Soybean oil, crude, including degummed	3,981,063	7,226,612	-
	Total	592,790,855	582,268,079	78,245,180
	Total, U.S. exports to Poland	680,546,781	710,445,935	92,662,135

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-12.--Leading items imported from Poland, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$86,298,698	$133,815,220	$7,130,964
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	36,656,416	18,136,335	3,370,318
110.4740	Pollock blocks, frozen, over 10 pounds	9,800,790	6,528,801	-
674.3512	Machine tools, metal-cutting, engine or toolroom	8,446,352	5,040,038	1,916,907
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	8,374,515	7,482,232	2,203,609
380.6653	Men's suits, of wool, valued over $4 per pound	5,686,437	5,101,088	52,992
672.1620	Sewing machines, other	5,670,279	-	1,650,203
700.3550	Men's footwear, of leather, n.e.s., cement soles	5,661,132	9,500,061	871,775
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	5,469,285	5,028,058	598,825
609.8041	Channels, other than alloy iron or steel, maximum cross-sectional dimension of 3 inches or more	5,146,014	3,866,189	662,883
382.1206	Women's raincoats, n.e.s., 3/4-length or longer, valued over $4 each	3,916,685	1,808,213	1,105,795
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	3,665,702	3,847,356	930,446
612.6200	Brass rods, wrought	3,663,323	3,303,986	901,266
727.1500	Furniture and parts, of bentwood	3,540,247	4,082,950	628,265
646.6320	Cap screws, of iron or steel, having shanks or threads over 0.24 inch in diameter	3,525,882	3,277,644	815,583
646.2626	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, coated	3,420,792	3,076,602	92,661
700.29 0	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	3,371,256	3,987,205	757,835
692.1090	Transport motor vehicles n.s.p.f, valued under $1,000	3,369,124	2,501,247	714,514
380.3941	Men's and boys' suit-type coats, of cotton, not knit, not ornamented	3,031,115	3,525,430	578,580
493.1200	Casein	2,989,848	3,570,829	996,807
	Total	211,703,892	227,479,484	25,980,228
	Total, U.S. imports from Poland	359,938,824	414,918,818	60,442,096

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-13.--Leading items exported to East Germany, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$184,175,370	$331,686,634	$46,438,538
184.5260	Soybean oilcake and meal	58,405,000	75,555,463	9,954,000
130.6540	Wheat, unmilled, not donated for relief	28,000,835	39,080,555	-
130.1040	Barley, n.s.p.f	10,703,709	1/	-
130.1020	Barley for malting purposes	1,780,172	1/	-
444.6000	Polyester resins, unsaturated, etc	1,473,424	747,078	-
355.0740	Paddings, waddings, and upholstery fillings, of manmade fibers, other	1,125,544	166,042	33,965
309.7630	Manmade fibers of polyester, waste and advanced waste	870,547	9,068	-
818.9000	General merchandise, valued not over $500	694,205	950,809	103,116
668.2040	Roll-fed type offset printing presses, weighing 3,500 lbs. or more	600,000	193,488	600,000
435.1530	Penicillin, other	510,780	-	-
661.9880	Parts, n.s.p.f., of filtering and purifying equipment	506,858	42,967	294,738
711.8070	Pressure gages, industrial process, electrical	456,736	8,762	32,000
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	447,334	131,264	135,766
300.3021	Cotton linters, n.e.s	434,169	326,133	165,305
175.4100	Soybeans, n.e.s	235,941	441,890	-
724.4535	Tape for video or video and audio recording	226,891	27,032	112,215
685.2725	Transceivers for frequencies over 400 MHz	211,737	-	-
487.3050	Antioxidants, antizonants, and stabilizers	206,097	-	-
444.2520	Polymerization- and copolymerization-type resins	202,656	1,611,550	-
	Total 2/	291,268,005	450,978,735	57,869,643
	Total, U.S. exports to East Germany	295,557,277	477,389,076	59,123,973

1/ Prior to Jan. 1, 1981, this item was classified under the now deleted and more comprehensive item 130.1000.
2/ Because of changes in the Schedule B trade classifications from 1980 to 1981, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-14.--Leading items imported from East Germany, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	$6,417,522	$3,612,585	$786,129
480.5000	Potassium chloride, crude	4,149,818	3,705,542	1,099,650
772.5105	Passenger car tires, new	4,148,092	2,778,547	1,508,046
772.5115	Pneumatic truck and bus tires, new	2,636,365	1,559,339	905,391
676.0510	Typewriters, electric, nonautomatic, portable	1,614,734	678,200	409,360
121.5000	Pig and hog leather	1,396,113	1,685,780	464,755
668.2340	Offset presses, of the roll-fed type, weighing 3,500 pounds or more	1,220,276	-	334,111
494.2000	Montan wax	1,195,123	1,596,545	390,180
668.5060	Parts of printing presses	916,321	746,878	122,605
546.6840	Tableware, kitchen ware, and cooking ware, valued over $5 each	875,412	292,664	233,587
546.6040	Tableware, etc., valued over $0.30 but not over $3	726,117	358,435	174,523
674.3025	Gear hobbers	674,277	159,724	37,640
534.1100	Ceramic statues, etc., valued over $2.50 each	609,111	379,773	84,988
380.0609	Jogging, warmup, and similar types of athletic jackets	537,048	1,289,982	211,865
674.3527	Gear-tooth grinding and finishing machines	508,418	143,745	108,559
207.0080	Articles of wood, n.s.p.f	485,745	575,437	94,383
722.1635	Still 35-mm cameras, n.e.s., valued over $10 each	452,190	519,645	79,991
124.1025	Mink furskins, except "Japanese mink," undressed	446,683	2,229,479	271,885
737.2225	Dolls, not stuffed, 13 inches and under in height	418,482	406,706	139,223
748.2100	Artificial flowers, etc., n.e.s	408,884	397,954	128,397
	Total	29,836,731	23,116,960	7,585,268
	Total, U.S. imports from East Germany	44,702,480	42,958,764	11,470,278

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-15.--Leading items exported to Bulgaria, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$127,714,566	$77,003,514	$32,646,411
184.5260	Soybean oilcake and meal	52,136,264	39,617,751	7,858,776
480.7050	Concentrated superphosphates	29,872,086	9,942,870	8,955,885
170.3320	Flue-cured cigarette filler tobacco, stemmed	6,808,728	5,055,552	2,305,203
175.4100	Soybeans, n.e.s	6,180,408	-	-
601.2500	Lead ore	5,010,113	-	-
422.7700	Zinc compounds, n.e.s	4,931,500	-	-
170.3340	Burley cigarette filler tobacco, stemmed	2,718,186	1,058,664	-
601.6100	Zinc ore	2,420,336	-	-
415.4500	Sulfur, native elemental or recovered	1,774,511	-	-
678.5065	Machines, for production and assembly of semiconductor devices, etc., n.s.p.f	995,526	255,578	837,166
692.3160	Tracklaying tractors, new, with net engine horsepower of 345 and over	954,802	674,010	-
676.2700	Digital data processing machines, n.s.p.f	742,859	257,520	-
140.0300	Great northern beans, except seed, dried, etc	698,897	2,008,842	-
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	669,670	551,196	479,097
685.7050	Traffic-control equipment, except for roads and railways	618,726	-	600,409
250.0284	Wood pulp, special alpha and dissolving grades	575,719	1,264,411	-
381.1520	Men's and boys' denim slacks, of cotton, not knit	541,236	1,053,726	285,709
250.0281	Wood pulp, sulphate and soda, bleached, softwood	524,061	-	524,061
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	487,869	428,777	191,812
	Total	246,376,060	139,172,411	54,684,529
	Total, U.S. exports to Bulgaria	258,103,949	160,701,288	57,511,564

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-16.--Leading items imported from Bulgaria, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	$18,207,934	$14,522,138	$4,776,391
676.0530	Typewriters, nonelectric, nonautomatic, portable	1,838,821	1,465,550	281,160
117.6700	Pecorino cheese, not for grating	1,744,537	1,694,276	522,449
674.3512	Machine tools, metal-cutting, engine or toolroom	845,404	782,516	198,047
452.6000	Rose oil or attar of roses	595,346	157,882	250,560
167.3020	Wine, not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	545,037	650,588	137,039
439.1090	Natural drugs, n.e.s., crude	194,669	145,173	60,216
380.6619	Other men's and boys' jackets of wool, not knit	175,648	-	175,648
676.0510	Typewriters, electric, nonautomatic, portable	151,330	191,596	-
700.3550	Men's footwear, of leather, n.e.s., cement soles	144,141	1,031,725	-
653.2200	Metal coins, n.e.s	131,454	211,812	-
380.6653	Men's suits, of wool, valued over $4 per pound	121,970	-	121,250
380.6611	Men's suit-type sport coats and jackets, of wool, valued over $4 per pound	101,213	-	100,877
107.3525	Canned hams and shoulders, 3 pounds and over	100,408	122,666	-
161.7100	Paprika, ground or unground	91,266	-	21,975
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	52,053	288,205	1,623
161.5500	Mint leaves, crude or not manufactured	48,364	28,049	30,939
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	47,872	9,205	-
382.6315	Women's, girls', or infants' coats, n.e.s., of wool, valued over $4 per pound	41,572	118,051	-
452.3200	Lavender and spike lavender oil	41,108	130,792	-
	Total	25,220,147	21,550,224	6,678,174
	Total, U.S. imports from Bulgaria	25,604,231	22,844,779	6,796,261

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-17.--Leading items exported to Hungary, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
480.7050	Concentrated superphosphates	$7,277,790	-	$769,263
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	4,270,810	$5,278,762	1,326,113
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	3,782,432	-	3,167,355
120.1400	Cattle hides, whole	2,953,704	2,138,552	615,418
678.5002	Oil and gas field wire line and downhold equipment and parts thereof	2,440,723	1,788	20,982
540.4200	Glass rods, tubes, and tubing	2,403,964	2,868,937	242,477
435.3300	Corticosteroids, n.s.p.f. (bulk)	2,219,969	2,459,194	529,217
692.1680	Special-purpose vehicles, nonmilitary, n.s.p.f	1,200,000	-	-
692.3340	Tractors, wheel-type, agricultural, with horsepower of at least 120 but less than 140	1,132,308	698,671	-
435.7700	Cardiovascular drugs	1,121,534	1,690,948	-
687.6087	Parts of transistors, chips, dice, and wafers	1,117,849	468,788	24,644
692.2928	Brakes and parts thereof, n.e.s	1,095,477	101,488	83,300
685.4050	Tape recorders and parts, video, color	1,084,205	-	1,084,205
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	1,074,495	2,169,292	127,997
660.4872	Gasoline engines, not automobile or marine, under 6 brake horsepower	1,072,741	650,036	392,260
664.0584	Parts, n.e.s., of oil and gas field drilling machines	1,013,679	671,851	162,808
692.3820	Parts of tracklaying tractors, n.s.p.f	889,836	299,144	476,73[illegible]
666.0060	Parts for plows, listers, cultivators, and weeders, n.s.p.f	844,586	945,163	302,513
120.1740	Kip skins, whole	834,853	579,300	147,440
666.0063	Parts for harrows, roller stalk cutters, and soil pulverizers, n.s.p.f	770,902	1,213,693	55,657
	Total	38,601,857	22,235,607	9,528,385
	Total, U.S. exports to Hungary	77,511,000	79,020,297	19,725,793

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-18.--Leading items imported from Hungary, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$22,218,641	$21,810,665	$6,069,067
692.3288	Parts for motor vehicles, n.e.s	20,788,310	14,613,730	3,403,545
692.0440	Motor buses, other (including diesel)	10,049,089	-	5,170,220
692.3460	Parts for agricultural tractors	9,091,454	9,742,914	2,796,840
686.9030	Other lamps, including standard household	8,744,803	7,023,231	1,940,723
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	7,376,165	7,330,943	2,632,659
124.1040	Rabbit furskins, whole, undressed	1,875,545	64,670	183,157
107.3040	Bacon, not boned and cooked	1,771,855	2,872,124	308,364
380.6653	Men's suits, of wool, valued over $4 per pound	1,537,555	641,509	1,143,014
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	1,346,790	1,261,781	367,641
425.3620	Pesticides	1,293,848	-	-
130.3000	Seed corn or maize, certified	1,263,264	-	-
676.0560	Typewriters, nonelectric, nonautomatic	1,188,062	2,170,848	373,012
772.5115	Pneumatic truck and bus tires, new	1,176,209	1,571,837	263,034
161.7100	Paprika, ground or unground	1,140,360	1,398,961	184,969
380.6611	Men's suit-type sport coats and jackets, of wool, valued over $4 per pound	1,108,022	441,458	440,937
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	1,029,395	999,518	268,671
678.3220	Machines for assembling electric filament and discharge lamps, n.e.s	956,117	-	18,915
683.9520	Furnaces and ovens, and parts thereof	934,116	-	934,116
382.6340	Women's, girls', or infants' suits of wool, not knit	745,172	512,321	101,194
	Total	95,634,772	72,456,510	26,600,078
	Total, U.S. imports from Hungary	127,939,171	104,268,812	35,646,237

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-19.--Leading items exported to Czechoslovakia, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
130.3465	Yellow corn, not donated for relief	$40,782,124	$81,199,745	$12,988,902
120.1400	Cattle hides, whole	8,541,287	8,388,575	2,306,677
184.5260	Soybean oilcake and meal	4,849,530	36,997,619	-
670.1220	Textile machines, reeling or winding	1,960,661	72,248	640,220
207.0035	Wooden pencil slats	1,402,152	1,505,922	405,249
130.6540	Wheat, unmilled, not donated for relief	1,173,169	19,916,222	-
124.1527	Muskrat furskins, whole, undressed	1,138,090	811,866	403,340
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	977,965	711,963	557,972
685.7050	Traffic-control equipment, except for roads and railways	864,667	2,004	692,633
192.2500	Hops	679,641	1,438,464	-
683.9040	Other welding machines and apparatus	598,181	-	598,181
310.0026	Yarns of cellulosic fibers, other	597,552	503,596	111,737
321.2908	Cotton denims	596,819	-	-
712.1520	Radiation-measuring and radiation-detecting instruments, n.s.p.f	577,617	147,030	141,934
486.2900	Insecticides, unmixed, n.e.s	573,165	408,630	-
711.8070	Pressure gages, industrial process, electrical	547,539	-	547,539
676.5560	Parts for automatic data processing machines and units, n.s.p.f	503,171	759,232	209,101
674.3588	Mechanical presses, metalforming	501,032	-	-
818.9000	General merchandise, valued not over $500	486,701	976,038	88,405
381.1520	Men's and boys' denim slacks, of cotton, not knit	477,055	1,205,929	-
	Total	67,828,118	155,045,083	19,691,890
	Total, U.S. exports to Czechoslovakia	82,419,872	185,144,990	23,331,926

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-20.--Leading items imported from Czechoslovakia, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
610.3920	Oil well casing, other than alloy steel, not advanced	$6,523,816	$2,895,387	$1,586,640
192.2500	Hops	4,966,183	4,383,143	2,035,757
107.3525	Canned hams and shoulders, 3 pounds and over	4,720,587	4,383,421	1,550,316
700.2940	Welt work footwear, of leather, valued over $6.80 per pair	4,281,404	7,044,208	657,493
670.1436	Weaving machines, jet type	2,507,393	2,600,240	1,234,570
700.3550	Men's footwear, of leather, n.e.s., cement soles	2,278,031	1,704,954	640,042
336.6041	Woven fabrics of wool, not over 10 ounces per square yard	1,882,252	523	399,982
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	1,796,123	353,463	510,884
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	1,546,183	1,486,119	370,397
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	1,509,635	1,676,681	277,345
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	1,393,852	3,000,343	852,788
692.5010	Motorcycles, with piston displacement not over 50 cubic centimeters	1,388,181	1,283,675	-
772.5115	Pneumatic truck and bus tires, new	1,295,563	396,387	418,085
336.6043	Woven fabrics of wool, over 10 ounces per square yard	1,072,261	-	37,062
437.3000	Antibiotics, natural and not artificially mixed	1,056,979	863,250	235,331
727.1500	Furniture and parts, of bentwood	938,895	708,224	228,268
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	928,600	910,249	212,774
741.3500	Imitation gemstones, except imitation gemstone beads	885,577	989,019	172,266
674.3512	Machine tools, metal-cutting, engine or toolroom	858,727	1,668,083	126,973
766.2560	Antiques, n.s.p.f	829,908	12,708	320
	Total	42,660,150	36,360,077	11,547,293
	Total, U.S. imports from Czechoslovakia	67,232,118	61,101,577	17,614,112

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-21.—Leading items exported to Vietnam, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
818.3900	Products, n.e.s., donated for relief	$7,235,727	$171,060	$4,803,838
818.9000	General merchandise, valued not over $500	1,484,765	111,266	904,854
818.3400	Apparel, donated for relief	551,962	-	-
772.0400	Household articles of rubber or plastics, n.s.p.f	350,523	352,220	45,931
818.3300	Medicine, etc., donated for relief	272,836	97,767	-
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	77,962	-	-
182.9780	Vegetable protein, n.e.s	74,682	-	-
709.1690	Parts of electromedical therapeutic apparatus	50,800	-	-
709.2540	Dental instruments, n.s.p.f., and parts, n.s.p.f	10,555	-	-
818.4000	Used wearing apparel, and other used articles exported in bulk	6,664	-	6,664
709.1615	Ultrasonic electromedical therapeutic apparatus	6,325	-	-
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f	5,880	-	5,880
256.3840	Graphic paper and paperboard not further advanced than cut to size and shape, n.s.p.f	2,204	-	-
256.6640	Paper or paperboard labels, unprinted	1,437	-	-
709.4000	Mechano-therapy appliances, and massage apparatus; and parts thereof, n.s.p.f	1,328	-	-
256.4900	Envelopes for correspondence, n.e.s	1,175	-	-
	Total	10,134,825	732,313	5,767,167
	Total, U.S. exports to Vietnam	10,134,825	1,147,991	5,767,167

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-22.--Leading items imported from Vietnam, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
772.9700	Other religious articles of rubber or plastics	$3,130	-	-
653.2200	Metal coins, n.e.s	2,665	$2,895	-
774.4500	Artificial flowers, trees, foliage, etc. of rubber or plastics	1,543	-	-
	Total	7,338	2,895	-
	Total, U.S. imports from Vietnam	96,101	34,360	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-23.--Leading items exported to Albania, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
521.3110	Low volatile bituminous coal	$5,598,075	$6,307,412	$4,632,954
309.3270	Grouped filaments and strips, n.e.s	443,823	-	228,545
688.1900	Insulated wire and cable, n.s.p.f	76,852	43,906	30,590
688.4020	Particle accelerators, and parts thereof	5,950	2,750	-
438.1090	Blood and blood derivatives, except for passive immunization, n.e.s	4,324	-	-
661.2280	Air-conditioners, 60,000 Btu per hour and over	4,256	-	1,180
661.3510	Household refrigerators and refrigerator-freezers, under 13.5 cubic feet	1,005	-	1,005
685.2017	Television receivers, color, fully assembled	799	-	799
	Total	6,135,084	6,354,068	4,895,073
	Total, U.S. exports to Albania	6,137,384	6,891,214	4,895,073

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-24.--Leading items imported from Albania, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
161.9400	Sage, unground	$2,608,025	$3,666,893	$904,089
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	958,451	1,454,284	312,111
601.1540	Chrome ore, chromium content over 40 but under 46 percent chromic oxide	228,210	2,944,080	29,518
439.1090	Natural drugs, n.e.s., crude	85,805	49,826	8,010
161.9000	Rosemary, crude or not manufactured	35,535	23,278	9,249
161.3900	Laurel bay leaves, crude or not manufactured	18,630	-	-
162.0100	Savory, crude or not manufactured	14,552	50,423	1,867
653.2200	Metal coins, n.e.s	11,700	5,219	-
193.2560	Vegetable substances, crude, n.s.p.f	10,400	-	-
606.8809	Bars of steel, cold formed, finished, not alloy, not over 0.25 percent carbon	8,537	1/	-
601.1560	Chrome ore, 46 percent or more chromic oxide	5,234	2,420,309	-
	Total 2/	3,985,079	10,614,312	1,264,844
	Total, U.S. imports from Albania	3,985,079	10,717,582	1,264,844

1/ On Nov. 1, 1980, this item was designated to indicate that portion of the trade in items 606.8815 accepted under temporarily reduced tariff rates.

2/ Because of changes in the TSUSA trade classification from 1980 to 1981, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-25.--Leading items exported to Mongolia, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
547.6020	Laboratory glassware, whether or not graduated or calibrated	$11,501	-	-
711.8740	Chemical-analysis equipment and parts, nonelectrical, n.s.p.f	11,393	$1,836	-
630.7080	Tungsten, n.e.s	8,220	-	-
710.1820	Electrical meteorological and hydrological instruments, and parts thereof	7,799	-	$7,799
818.3900	Products, n.e.s., donated for relief	7,413	2,809	1,209
678.5065	Machines, for production and assembly of semiconductor devices, etc., n.s.p.f	4,243	-	-
709.1620	Electromedical therapeutic apparatus, n.s.p.f	3,762	-	-
657.2180	Articles of iron or steel, n.e.s	3,503	-	-
711.8720	Nonelectric spectrometric instruments and parts thereof	2,995	1,157	-
712.1520	Radiation-measuring and radiation-detecting instruments, n.s.p.f	2,945	-	2,945
727.1380	Furniture designed for household use, other	2,708	-	-
252.8640	Corrugated paper and paperboard, other	1,995	-	-
709.1670	Electromedical therapeutic apparatus, n.s.p.f	1,860	-	-
680.3586	Ball bearings, other	1,200	-	-
683.9525	Industrial and laboratory furnaces and ovens	1,080	-	-
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	949	-	-
433.1079	Prepared culture media	597	9,895	-
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	579	-	579
	Total	74,742	15,697	12,532
	Total, U.S. exports to Mongolia	74,742	63,507	12,532

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-26.--Leading items imported from Mongolia, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
306.4293	Camel hair, sorted, etc	$2,184,090	$2,171,328	$133,212
306.6200	Cashmere goat hair, sorted, etc	952,022	-	13,348
306.4192	Camel hair, not sorted, etc	384,000	-	221,190
380.5900	Men's and boy's sweaters, of wool, knit, valued over $18 per pound wholly of cashmere	76,700	-	-
382.5600	Women's, girls', or infants' sweaters, of wool, knit, valued over $18 per pound wholly of cashmere	31,200	-	-
124.1010	Fox furskins, except silver and black, undressed	5,829	-	-
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	1,382	-	-
	Total	3,635,223	2,171,328	367,750
	Total, U.S. imports from Mongolia	3,635,223	2,222,756	367,750

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B .—27.--Leading items exported to Cuba, by Schedule B Nos., 1981, 1980, and October-December 1981

Schedule B No.	Description	1981	1980	October-December 1981
486.6600	Organophosphorus-containing pesticide preparations	$331,000	-	-
818.3300	Medicine, etc., donated for relief	176,300	$33,500	$126,250
818.3900	Products, n.e.s., donated for relief	18,722	5,972	18,722
661.1030	Fans and blowers, other	5,292	-	-
674.7421	Drills, except rock drills, screwdrivers and nut runners	4,860	-	-
676.3050	Automatic typewriters and word processing units, other	3,655	-	-
722.9600	Equipment for processing or printing motion-picture film	3,074	-	-
709.3000	Medical, dental, surgical, and veterinary instruments, n.s.p.f	2,796	5,852	-
256.3840	Graphic paper and paperboard not further advanced than cut to size and shape, n.s.p.f	2,615	1,918	-
724.0120	Feature films, 35-mm. and over, positive prints	2,499	-	-
668.2005	Duplicating machines, stencil-type	2,111	-	-
435.9500	Other drugs, n.e.s	2,000	-	2,000
687.6023	Other electronic receiving tubes	1,200	-	1,200
674.7427	Parts and attachments for non-electric power-operated handtools	1,191	-	-
415.2000	Chemical elements in any physical form, chlorine	867	-	-
	Total	558,182	47,242	148,172
	Total, U.S. exports to Cuba	558,182	118,858	148,172

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-28.--Leading items imported from Cuba, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
724.1025	Feature film, 35-mm and over, n.e.s	$7,800	$11,500	$7,800
724.2000	Sound recordings produced on photographic or magnetic film, tape, or wire, and suitable for use in motion picture exhibits	1,700	-	700
724.1045	Motion-picture film, n.e.s., positive release prints	1,050	-	-
606.0900	Iron or steel waste and scrap, other	322	-	-
270.2580	Books, n.s.p.f., by foreign authors	315	1,200	315
	Total	11,187	12,700	8,815
	Total, U.S. imports from Cuba	36,187	18,868	8,815

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-29.--Leading items exported to North Korea, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
	Total, U.S. exports to North Korea	-	-	-

1/ There were no exports to North Korea in 1980 or October-December 1981.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-30.—Leading items imported from North Korea, by TSUSA items, 1981, 1980, and October-December 1981

TSUSA item No.	Description	1981	1980	October-December 1981
685.2411	Solid-state tubeless radio receivers incorporating a clock or timer other than digital	$34,672	-	-
304.3220	Jute butts, waste, and advanced waste	9,724	-	-
376.5630	Textile rainwear garments, of fabrics which are coated or filled, with rubber or plastic n.e.s	2,838	-	-
	Total	47,234	-	-
	Total, U.S. imports from North Korea	47,234	$51,666	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

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GLOSSARY

Abbreviation	Full wording
CAP	Common agricultural policy (EC)
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
FYP	Five-year plan
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation (United States)
QGL	Qualified General License
SDR	Special Drawing Rights
SITC	Standard International Trade Classification SITC categories are defined as follows: 1-digit SITC: Section 2-digit SITC: Division 3-digit SITC: Group 4-digit SITC: Subgroup 5-digit SITC: Item
SYE	Square yard equivalents
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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(1) summary of developments in U.S.-NME trade for that calendar quarter, with the summary of the fourth quarter as an annual review;

(2) summary tables and figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;

(3) a series of appendix tables describing the leading items traded by the United States with each of the NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

Other subjects covered periodically or on an irregular basis are listed below. All page numbers refer to the official USITC publication, with the exception of Report No. 4. Page numbers for that report refer to the copy published by the U.S. Government Printing Office.

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ORIGINAL

30TH QUARTERLY REPORT TO THE CONGRESS AND THE TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING JANUARY-MARCH 1982

Carter

COMPLETED

148

USITC PUBLICATION 1265

JUNE 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Report principally prepared by:

Office of Economics

Magdolna B. Kornis
Janet Whisler
Thomas F. Jennings

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, 2/ viz, Hungary, the People's Republic of China (China), Poland, and Romania. 3/ These are countries whose exports can be investigated by the Commission under section 406 of title IV of the Trade Act of 1974. Through control of the level of production, distribution process, and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. Under the statute, the Commission publishes a summary of trade data not less frequently than once each calendar quarter for Congress and, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As specified by the statute, one objective of the reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that could present problems for domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

At the present time, Poland, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e., that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 4/

1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic (East Germany), Estonia, those parts of Indochina under Communist control or domination (including Vietnam), North Korea, the Kurile Islands, Latvia, Lithuania, Mongolia, Southern Sakhalin, Tanna Tuva, and the U.S.S.R.

2/ When most-favored-nation tariff treatment is accorded a Communist country, that country is no longer included in headnote 3(f).

3/ Earlier reports in this series included Yugoslavia among the NME's whose trade with the United States is monitored. The reasons for excluding Yugoslavia are presented in the 27th Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During April-June 1981, USITC Publication 1188, September 1981, (hereafter 27th Quarterly Report . . .,) p. 1.

4/ Those nations referred to in headnote 3(f) of the TSUS.

are set forth in column 2; for the most part, these are the higher rates that were established in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products that historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

This particular report contains a summary of U.S. trade with the NME's during January-March 1982 and examines U.S. exports, imports, and the balance of trade with each country, as well as the commodity composition of such trade. Important issues in U.S. commercial relations with the NME's and pertinent economic and trade developments are also discussed, as well as Hungarian economic reforms and some of their implications for East-West trade.

SUMMARY OF FIRST-QUARTER DEVELOPMENTS

Two-way trade between the United states and the nonmarket economy countries reached $3.3 billion in the first quarter of 1982. This was the highest level of this trade since the first quarter of 1981, when the value of U.S. exports to and imports from NME's reached $3.5 billion.

The NME share of U.S. exports to the world rebounded to 4.7 percent following three quarters of lower U.S. reliance on NME markets. Meanwhile, the NME share of U.S. imports from the world continued to be low at 1.3 percent. The traditional U.S. surplus in trade with NME's attained its highest quarterly level in a year, amounting to $1.7 billion.

Large Soviet purchases of U.S. grains (amounting to some $900 million), a decline in U.S. exports to China, and soaring imports from that country were the major factors shaping U.S.-NME trade during the quarter. U.S. exports to the Soviets reached record levels, rising 58 percent by value compared with exports in the first quarter of last year. Food and feed (SITC section 0) constituted nearly three-quarters of these exports. In January-March 1982, the Soviet Union accounted for over 70 percent of the U.S. trade surplus with NME's, followed by China with 22 percent. This was a sharp change from calendar year 1981, when China alone was responsible for over half the U.S. surplus in trade with all NME's.

In January-March 1982 the Soviet Union once again became the principal NME market for U.S. exports, moving China to second place. The Soviet market had been dominant among NME's for years prior to January 1980, when the United States imposed trade sanctions involving a partial grain embargo against the Soviet Union. In contrast with the sharp rise in exports, U.S. imports from the Soviet Union were down from those in the corresponding quarter of 1981.

U.S. trade with China moved in the opposite direction. U.S. exports to China were down from the first quarter of last year by 24 percent, while U.S. imports from that country rose 45 percent. Five items accounted for 72 percent of the increase: gasoline, crude petroleum, tin, cocoa butter, and cotton terry towels. China, already the number one NME supplier of imports to the United States in the past 2 years, accounted for two-thirds of all U.S. imports from NME's in the most recent period.

During the quarter, the significance of NME's other than the U.S.S.R. and China in U.S. trade continued to decline; they collectively accounted for less than 14 percent of U.S. exports to all NME's. Exports to each Eastern European country were down from the first quarter of 1981; exports to Poland fell most precipitously. On the import side, NME's other than China and the Soviet Union accounted for some 26 percent of the total, with Romania being the only Eastern European supplier of some significance (11 percent).

The commodity composition of U.S. exports to NME's remained largely unchanged, except for a sharp increase in chemical exports and a decline in sales of machinery and miscellaneous items. The composition of imports from NME's reflected, among other things, larger U.S. purchases of miscellaneous items (from China) and a decline in food and crude materials imports.

January-March 1982 was the first quarter during which the economic sanctions ordered by President Reagan on December 23, 1981, against the Soviet Union and Poland were in effect. As the items affected constitute a relatively small part of U.S. exports to NME's, the impact of the new sanctions is not reflected in overall trade figures.

Notable U.S. commercial developments with NME's in January-March 1982 included the suspension (or delay of extension) of official U.S. export credits and credit guarantees to Romania, and the intensification of U.S. involvement in the development of Chinese energy resources. The U.S. International Trade Commission made two determinations that concerned NME's exclusively and one affecting an NME as well as other countries.

FIRST-QUARTER DEVELOPMENTS IN TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES

During January-March 1982, although the levels of exports, imports, and the trade balance between the United States and the NME's were lower than those of the corresponding quarter of 1981, the share of total U.S. trade accounted for by the NME's remained virtually unchanged. Shipments to the NME's were $2.5 billion and accounted for 4.7 percent of total U.S. exports, and imports from the NME's were $782 million and represented 1.3 percent of all foreign goods entered during the quarter.

Total trade turnover between the United States and the NME's reached $3.3 billion in the first quarter of 1982; this was the highest level since the first quarter of 1981 (table 1). By contrast, during the first quarter of 1982, U.S. trade turnover with the world registered its lowest level in over a year. Owing to the continued downturn in domestic economic conditions on the import side and the adverse effect of a stronger dollar on the export side, total U.S. exports and imports declined; the overall trade balance remained a deficit, increasing by nearly one-fifth from the level recorded in January-March 1981.

U.S. exports to individual NME's during the first quarter are shown in table 2. For the first time since the fourth quarter of 1979--the quarter preceding the sanctions imposed by the Carter administration--the Soviet Union was the leading purchaser of U.S. products among the NME's, accounting for half of all quarterly exports to these countries. Figure 1 shows the relative shares of U.S. exports to the leading NME's during the quarter. China, having been displaced from its leading position as the most significant market for U.S. goods in 1981, was second during the quarter. The change in relative position between the Soviet Union and China when comparing the first quarter with the year 1981 is notable: the share of the U.S.S.R. increased from 30 to 50 percent; that of China decreased from 46 to 36 percent. Together, the Soviet Union and China accounted for over 85 percent of first quarter exports to the NME's. Their combined shares of U.S. exports to the NME's highlights the decline in the share of the U.S. market held by Eastern European and other NME's. While this group of countries accounted for nearly one-fourth of U.S. exports to the NME's during 1981, that share declined to only 14 percent in the first quarter of 1982.

U.S. exports to the nonmarket economy countries were valued at $2.5 billion in January-March 1982 (table 3), representing an 8.5-percent decline from exports in the corresponding period of 1981. Exports to China in January-March 1982 were off 23.6 percent from their level in the corresponding period of 1981 (exports to China have not yet returned to the levels of late 1980 and early 1981). U.S. shipments to most of the Eastern European NME's also decreased in the first quarter. The only increase occurred in shipments to the Soviet Union, up a dramatic 58 percent from those in the first quarter of 1981, a period when the embargo on U.S. sales of grain was still in effect. Figure 2, depicting quarterly U.S. exports to all NME's as well as individually to China and the U.S.S.R., shows that U.S. exports to the Soviet Union reached a record level in the first quarter of 1982.

An examination of quarterly U.S. exports to the NME's on the basis of broad commodity groupings (i.e., SITC section numbers) shows that China was the leading purchaser in 5 of the 10 categories. The Soviet Union was the major NME customer in four other categories; it accounted for nearly

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), by quarters, January 1981-March 1982

Item	1981				January-March 1982
	January-March	April-June	July-September	October-December	
U.S. world trade:					
Exports--------------million dollars--	58,614	59,558	53,954	56,743	54,089
Imports--------------------------do----	64,422	66,085	63,303	65,202	61,052
Balance--------------------------do----	-5,808	-6,527	-9,349	-8,459	-6,963
Trade turnover (exports plus imports) million dollars--	123,036	125,643	117,257	121,945	115,141
U.S. trade with NME's:					
Exports--------------million dollars--	2,754	1,434	1,564	2,101	2,519
Imports--------------------------do----	793	904	884	799	782
Balance--------------------------do----	1,961	530	680	1,302	1,737
Trade turnover (exports plus imports) million dollars--	3,547	2,338	2,448	2,900	3,301
Share of total U.S. trade accounted for by trade with NME's:					
Exports------------------------percent--	4.70	2.41	2.90	3.70	4.65
Imports--------------------------do----	1.23	1.37	1.40	1.23	1.28

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Import figures in this and all other tables in this report are imports for consumption on a customs-value basis. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

Table 2.--U.S. exports to the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), January-March 1982
(In thousands of dollars)

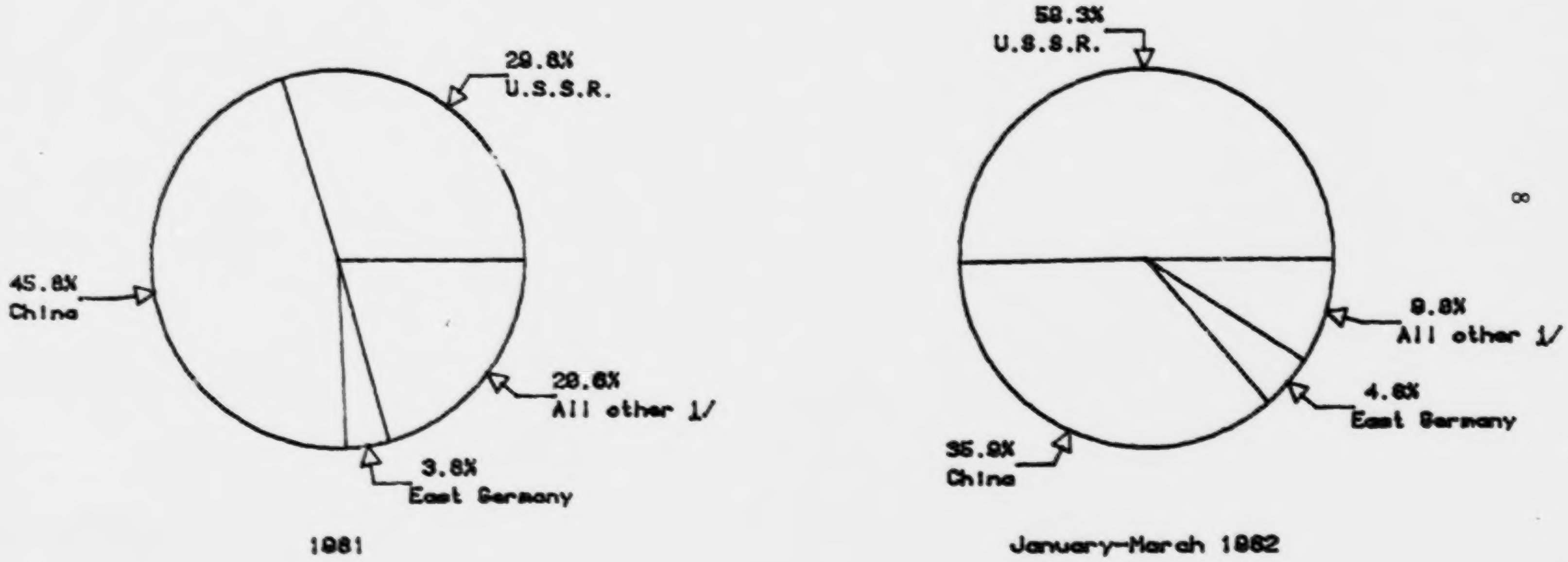
SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0	Food and live animals	-	31,050	314,829	-	23,474	116,332	578	-	-	16,960	17,651	930,226	-	1,451,099
1	Beverages and tobacco	-	452	95	-	9	126	-	-	-	31	-	1,717	-	2,431
2	Crude material--inedible, except fuel	228	2,407	274,426	-	4,272	625	2,185	-	-	2,177	40,820	184,674	-	511,815
3	Mineral fuels, lubricants, etc	-	-	6	-	-	-	2	-	-	-	11,935	18,453	-	30,396
4	Oils and fats--animal and vegetable	-	-	1,738	-	-	-	6	-	-	5,151	-	35,401	-	42,296
5	Chemicals	-	216	165,777	168	1,075	179	8,735	-	-	3,683	9,443	41,141	27	230,442
6	Manufactured goods classified by chief material	-	152	79,667	-	752	341	2,790	2	-	271	619	2,613	17	87,225
7	Machinery and transport equipment	1	1,916	48,871	-	1,528	307	5,749	1	-	2,882	8,325	39,517	-	109,124
8	Miscellaneous manufactured articles	-	1,092	18,470	-	1,246	2,147	1,391	10	-	3,283	2,280	12,417	19	42,347
9	Commodities and transactions not elsewhere classified	-	17	637	3	175	186	195	1	-	4,560	50	252	5,836	11,918
	Total	229	37,303	904,516	171	32,530	120,242	21,630	15	-	38,997	91,123	1,266,411	5,898	2,519,094

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Figure 1.--Relative shares of U.S. exports to the nonmarket economy countries, 1981 and January-March 1982



1/ Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Mongolia Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 4.

Table 3.--U.S. exports to the individual nonmarket economy countries and to the world, 1979-81, January-March 1981, January-March 1982

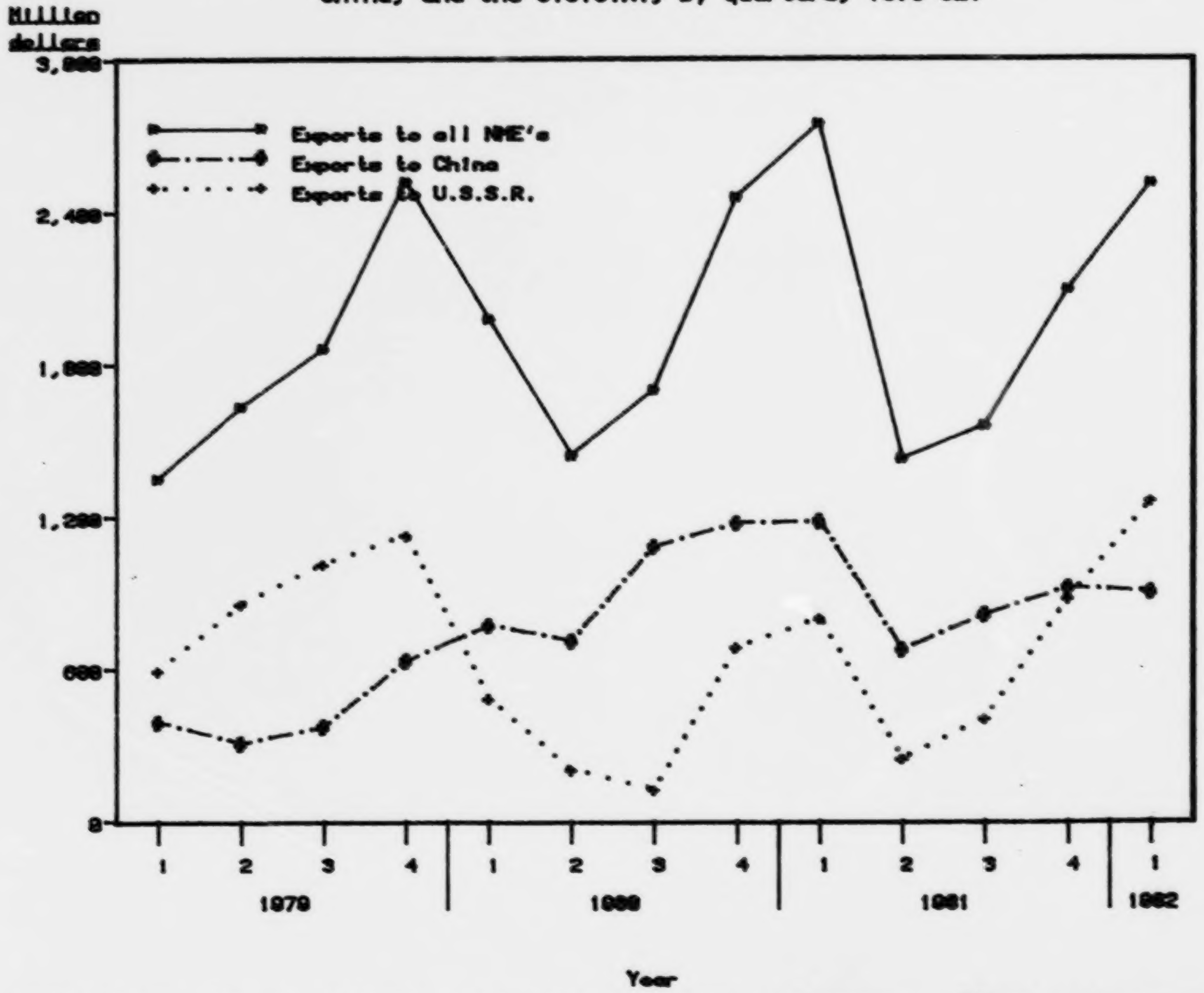
(In thousands of dollars)

Market	1979	1980	1981	January-March—	
				1981	1982
China	1,716,500	3,748,993	3,958,601	1,183,152	904,516
U.S.S.R	3,603,632	1,509,728	2,338,567	801,149	1,266,411
Poland	786,258	710,446	680,547	304,740	38,997
Romania	500,464	720,231	503,890	191,526	91,123
East Germany	354,522	477,389	295,557	133,494	120,242
Bulgaria	56,225	160,701	258,104	73,585	37,303
Czechoslovakia	281,129	185,145	82,420	42,358	32,530
Hungary	77,593	79,020	77,511	24,028	21,630
Mongolia	80	64	75	15	44
Albania	10,054	6,891	6,137	49	229
Vietnam	541	1,148	10,135	3	3
Cuba	299	119	558	15	167
North Korea	13	-	-	-	-
Total	7,387,305	7,599,376	7,852,101	2,754,114	2,519,094
Total U.S. exports to the world	178,413,200	216,592,219	228,869,651	58,614,047	54,089,024

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Figure 2.—U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

two-thirds of the largest U.S. export category to NME's--food and live animals. This category (SITC Section 0) continued to be the single most important category of products sold to the NME's (table 4). In January-March 1982 such exports constituted nearly 58 percent of all sales to NME's. Grain accounted for the record-high level of exports shipped to the Soviet Union as well as for its being the leading NME purchaser of U.S. products during the first quarter. The Soviets purchased grains under the 1-year extension to the long-term (1976-81) U.S.-U.S.S.R. grain supply agreement negotiated last summer. The current extension authorizes the Soviets to buy up to 23 million tons of grain during the 1-year period ending September 30, 1982. During the first quarter of 1982, 5.6 million tons of U.S. grain was shipped to the Soviets. This brought their total purchases during the current agreement year to 13.8 million tons as of April 1. 1/

U.S. exports of chemicals (SITC Section 5) to the NME's increased dramatically during the first quarter, the export share for the category doubling compared with that in the first quarter 1981. This rise is principally attributable to the fact that sales of phosphoric acid to the Soviet Union were sanctioned during the first quarter of 1981 and were only resumed after the April lifting of the embargo. Sales of resins and compound catalysts to China also increased from levels attained during the corresponding quarter of 1981.

The problems facing the Polish economy are reflected in the trade data for the first quarter of 1982. Poland slipped from third place in 1981 to fifth in January-March 1982 among NME purchasers of U.S. products. The withdrawal of U.S. credits 2/ has registered a definite impact on the Poles' ability to import from the United States. U.S. exports to Poland fell 87 percent in the first quarter of 1982 compared with those in the corresponding period of 1981 and were down 58 percent from exports in the previous quarter. More than half the leading export items to Poland in the first quarter of 1981 do not appear in the quarter currently under review (table B-13, app. B). Four of the five current leading exports, accounting for 43 percent of the quarterly total, are items donated for relief or charity--food products, medicines, and apparel. More than half the leading export items were not exported at all in the corresponding period of 1981. The denial of Commodity Credit Corporation (CCC) credit guarantees no doubt contributed to the absence of certain agricultural items (e.g., corn, wheat, soybeans, lard, and cotton) from the 1982 list.

Romania, another Eastern European NME experiencing a credit crisis and resultant hard-currency shortage, showed a 52-percent decline in first-quarter purchases from the United States. Exports of corn declined from $74.9 million in the first quarter of 1981 to $2.1 million in the first quarter of 1982 (table B-9). Other leading items showing declines were soybean oilcake and meal (down 72 percent) and coal (down 47 percent).

1/ U.S. Foreign Agricultural Service, Foreign Agriculture Circular, FG-11-82, p. 2.

2/ Weekly Compilation of Presidential Documents, vol. 7, No. 52, pp. 1404-1407. Also see 29th Quarterly Report . . ., p. 94.

Table 4.--U.S. exports to the world and to the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-March 1981 and January-March 1982

SITC Section No.	Description	Total exports Jan.-Mar. 1981	Total exports Jan.-Mar. 1982	Exports to the NME's Jan.-Mar. 1981	Exports to the NME's Jan.-Mar. 1982
		Value (million dollars)			
0	Food and live animals	8,465	6,683	1,610	1,451
1	Beverages and tobacco	682	759	4	2
2	Crude material--inedible, except fuel	6,213	5,345	566	512
3	Mineral fuels, lubricants, etc	2,151	3,346	41	30
4	Oils and fats--animal and vegetable	455	402	55	42
5	Chemicals	5,411	5,115	126	230
6	Manufactured goods classified by chief material	5,395	4,479	157	87
7	Machinery and transport equipment	23,395	22,469	162	109
8	Miscellaneous manufactured articles	4,196	3,917	31	42
9	Commodities and transactions not elsewhere classified	2,250	1,574	3	12
	Total	58,614	54,089	2,754	2,519
		Percent of total			
0	Food and live animals	14.4	12.3	58.5	57.6
1	Beverages and tobacco	1.2	1.4	.1	.1
2	Crude material--inedible, except fuel	10.6	9.8	20.1	20.3
3	Mineral fuels, lubricants, etc	3.7	6.1	1.5	1.1
4	Oils and fats--animal and vegetable	.8	.7	2.0	1.6
5	Chemicals	9.2	9.4	4.6	9.1
6	Manufactured goods classified by chief material	9.2	8.2	5.7	3.4
7	Machinery and transport equipment	39.9	41.5	5.9	4.3
8	Miscellaneous manufactured articles	7.2	7.2	1.1	1.6
9	Commodities and transactions not elsewhere classified	3.8	2.9	.1	.4
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

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The period January-March 1982 was the first full quarter affected by the economic sanctions announced in December 1981. 1/ The President suspended the licensing of exports of certain high-technology equipment to the Soviets, including electronic equipment, computers, and oil and gas equipment. 2/ Such items would normally fall within SITC Sections 6-8. U.S. exports to the Soviet Union in these three categories in the first quarter of 1982 were down 43 percent from those of the previous quarter and 31 percent from those of the corresponding period of 1981.

U.S. imports from individual NME's during January-March 1982 are shown in table 5. China continued to be the leading NME source for U.S. purchases, accounting for two-thirds of the quarterly total. Figure 3 shows the relative shares of U.S. imports from the leading NME's during the quarter and illustrates China's overwhelming significance as an NME source. China's share increased during the quarter, while that of the Soviet Union declined. In 1981 the Eastern European and other NME's accounted for one-third of all U.S. purchases from the NME's. That share was reduced to one-fourth during the first quarter of 1982.

U.S. imports from the NME's were valued at $782 million during the first quarter of 1982. This is 1.4 percent below the level for the corresponding period of 1981, and the lowest level since the second quarter of 1980. During the quarter, China was the only major NME to increase significantly its sales to the United States; imports from China rose 45 percent compared with those in the first quarter of 1981 (table 6). 3/ Gasoline (TSUSA item 475.2520) and crude petroleum (TSUSA item 475.1010) accounted for 55 percent of the quarterly increase in imports from China. Three additional items were also notably higher than in January-March 1981: tin (TSUSA item 622.0200), cocoa butter (TSUSA item 156.3500), and cotton terry towels (TSUSA item 366.2460). These items accounted for another 16.5 percent of the increase in U.S. purchases from China.

China shipped no crude petroleum to the United States during 1981. However, imports of gasoline from China increased sharply last year, reaching $97.5 million in the third quarter and $93.7 million in October-December 1981. Since most of that country's petroleum output must be used domestically, 4/ the Chinese can maximize foreign-exchange earnings from the limited quantities of oil available for export by selling gasoline (or other processed petroleum products) rather than the crude petroleum. U.S. imports from China of both items together amounted to $110.9 million during the first

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1/ See 29th Quarterly Report. . ., p. 48.

2/ Two actions in particular directly addressed themselves to U.S. exports: (1) "The issuance or renewal of licenses for the export to the U.S.S.R. of electronic equipment, computers and other high-technology materials is being suspended" and (2) "Licenses will be required for export to the Soviet Union for an expanded list of oil and gas equipment. Issuance of such licenses will be suspended. This includes pipelayers." Quotations from the Presidential Statement of Dec. 29, 1981.

3/ This quarterly increase followed a 76-percent increase in U.S. imports from China in calendar year 1981. For details, see 29th Quarterly Report . . ., pp. 40-43.

4/ See section on "U.S. Participation in Development of China's Energy Resources" in this report.

Table 5.--U.S. imports from the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), January-March 1982

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary
0	Food and live animals	2	476	30,476	-	4,133	20	7,120
1	Beverages and tobacco	-	3,953	799	-	143	5	736
2	Crude material--inedible, except fuel	1,026	23	41,017	-	380	866	179
3	Mineral fuels, lubricants, etc	-	-	114,276	-	328	630	-
4	Oils and fats--animal and vegetable	-	-	119	-	-	-	-
5	Chemicals	61	611	33,736	-	374	4,142	1,575
6	Manufactured goods classified by chief material	9	-	116,740	-	6,031	4,632	2,518
7	Machinery and transport equipment	-	1,125	8,834	-	2,437	3,258	18,615
8	Miscellaneous manufactured articles	-	10	172,832	2	4,160	1,195	5,411
9	Commodities and transactions not elsewhere classified	-	23	1,151	-	69	195	21
	Total	1,108	6,222	519,980	2	18,055	14,943	36,175

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0	Food and live animals	-	-	10,269	6,015	1,650	-	60,169
1	Beverages and tobacco	-	-	95	345	1,596	-	7,673
2	Crude material--inedible, except fuel	1,546	10	439	788	4,172	-	50,156
3	Mineral fuels, lubricants, etc	-	-	-	16,957	-	-	132,191
4	Oils and fats--animal and vegetable	-	-	-	-	-	-	119
5	Chemicals	-	-	1,095	1,317	30,980	-	73,847
6	Manufactured goods classified by	-						
	chief material	-	-	6,576	21,689	20,661	-	178,852
7	Machinery and transport equipment	-	-	5,254	17,387	170	-	57,082
8	Miscellaneous manufactured articles	-	-	8,265	22,640	1,046	-	215,561
9	Commodities and transactions not	-						
	elsewhere classified	-	-	4,098	269	753	-	6,580
	Total	1,546	10	36,093	87,408	61,028	-	782,231

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

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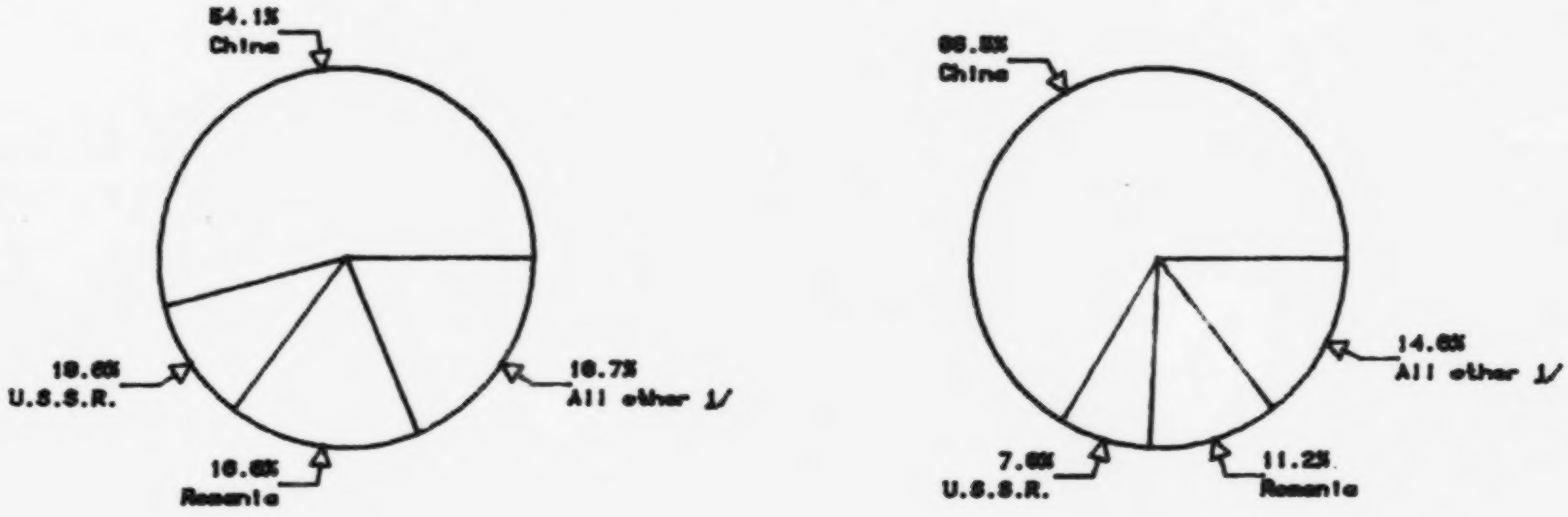
Figure 3.--Relative shares of U.S. imports for consumption from the nonmarket economy countries, 1981 and January-March 1982



1981

January-March 1982

1/ Poland, East Germany, Bulgaria, Czechoslovakia, Hungary, Mongolia, Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 8.

Table 6.--U.S. imports from the individual nonmarket economy countries and from the world, 1979-1981, January-March 1981, and January-March 1982

(In thousands of dollars)

Source	1979	1980	1981	January-March-- 1981	January-March-- 1982
China	548,543	1,039,177	1,830,027	359,786	519,980
U.S.S.R	872,595	430,387	356,961	149,666	61,028
Poland	426,090	414,919	359,939	103,252	36,092
Romania	329,051	310,561	559,449	107,107	87,408
East Germany	35,666	42,959	44,702	11,252	14,943
Bulgaria	30,145	22,845	25,604	6,620	6,222
Czechoslovakia	49,899	61,102	67,232	17,552	18,055
Hungary	112,129	104,269	127,939	35,527	36,175
Mongolia	3,753	2,223	3,635	1,207	1,546
Albania	9,002	10,718	3,985	1,108	773
Vietnam	711	34	96	85	-
Cuba	152	19	36	2	-
North Korea	127	52	47	10	7
Total	2,417,863	2,439,263	3,379,653	793,174	782,231
Total, U.S. imports from the world	205,922,700	239,994,468	259,011,977	64,421,863	61,052,157

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

quarter, but gasoline accounted for only $66.6 million of this total. The resumption of crude-petroleum exports may reflect larger foreign-exchange requirements than China could meet by exporting gasoline, rather than a change in policy.

The level of tin imports from China was four times that in the first quarter of 1981 and 75 percent of the value of such imports during all of 1981. This may be a significant development since in recent years, China has normally been a residual supplier of tin to the U.S. market, accounting for less than 5 percent of the imports. China ranked third as a source of tin during January-March of this year, following Thailand and Indonesia. Imports of cocoa butter from China also increased sharply, from only $71,110 in the first quarter of 1981 to $9.0 million in January-March 1982. U.S. chocolate producers became interested in buying cocoa butter from China after that country was granted most-favored-nation (MFN) treatment, which reduced the tariff on this item from the 25-percent column 2 rate to the zero duty MFN rate. Finally, imports of cotton terry towels from China increased to $6.3 million, 4.5 times their level in the first quarter of 1981. These towels are a relatively low-quality item, purchased mainly for industrial use. The item is not now subject to a specific import ceiling under the U.S.-Chinese textile agreement.

Imports from the Soviet Union during the first quarter dropped dramatically by 59 percent, 1/ and those from Poland slid by 65 percent, compared with the levels of the first quarter of 1981. Figure 4, showing quarterly U.S. imports from leading NME's, illustrates that U.S. imports from China have been increasing, while those from the Soviet Union are still well below their 1980 level. U.S. imports from the Soviet Union in January-March 1982 were lower than those in any quarter since the first quarter of 1977. 2/

The principal categories of imports from the NME's are: miscellaneous manufactured articles (SITC Section 8), manufactured goods classified by chief material (SITC 6), and mineral fuels and lubricants (SITC 3) (table 7). China was the leading supplier in each of these three groups and in four others.

During the first quarter of 1982, miscellaneous manufactured products—the most significant category of imports from the NME's—accounted for 28 percent of the total. The share in the corresponding period of 1981 was 20 percent. Among the products included in this category are articles of wearing apparel from China (women's coats and men's shirts and sport shirts) (table B-4).

Imports of food and live animals from the NME's declined in the first quarter of 1982. The most significant item in this category has traditionally been canned hams. Until this quarter, Poland had been the principal NME supplier of the product to the United States. In the first quarter of 1982, imports of canned hams from Poland decreased to $2.6 million from $32.9 million in the corresponding quarter of 1981 (table B-14). Poland accounted for 71 percent of the NME-sourced canned hams sold in the United

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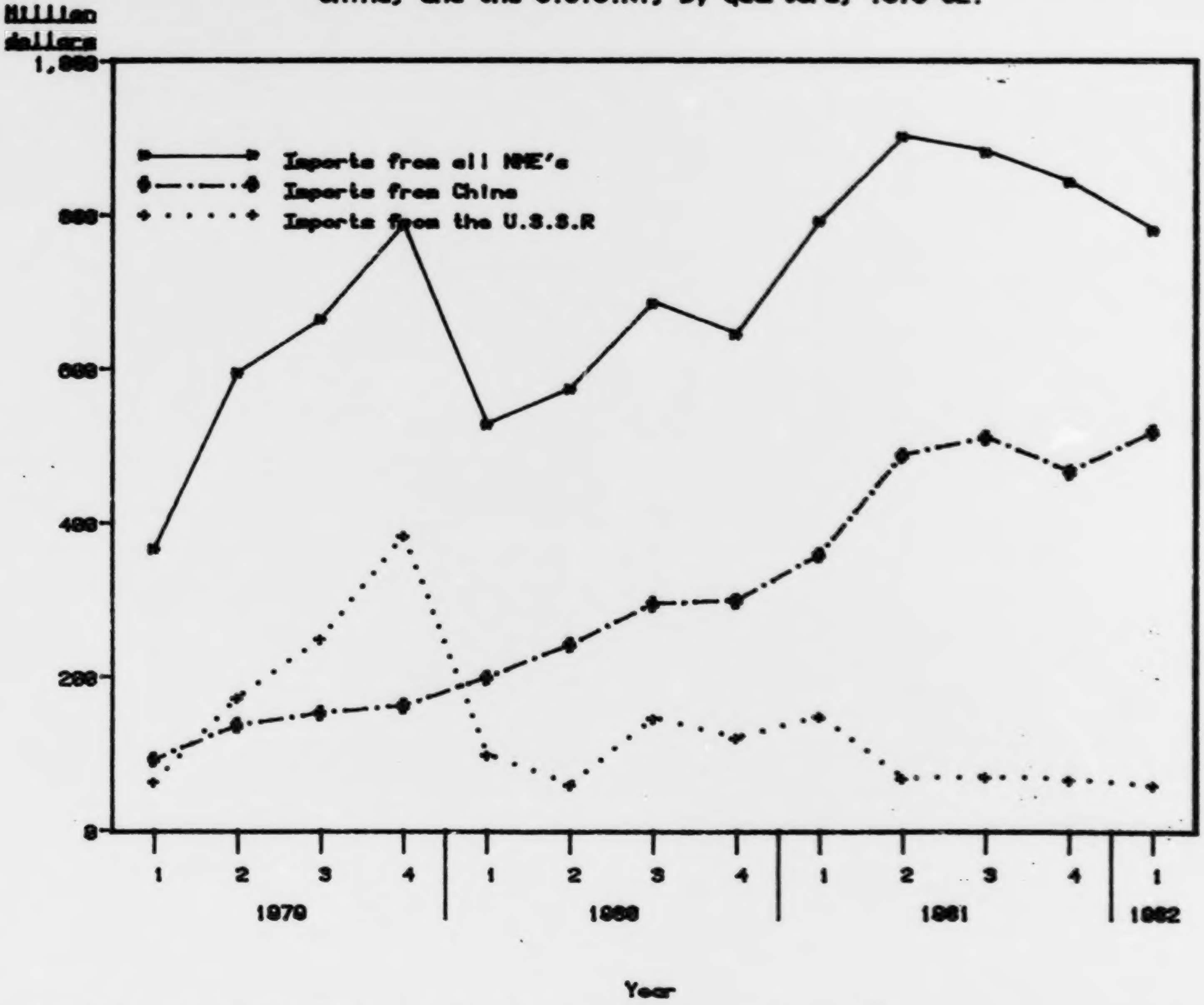
1/ Among the items showing declines were gold bullion (98.9 percent), palladium (34.2 percent), and unwrought nickel (13.3 percent).

2/ The decrease in imports, coupled with the increase in U.S. exports to the Soviet Union, resulted in a positive bilateral trade balance of over $1.2 billion with the Soviets. This accounted for nearly 70 percent of the trade balance between the United States and the NME's recorded in the first quarter.

Figure 4.—U.S. imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.—U.S. imports from the world and from the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-March 1981 and January-March 1982

SITC Section No.	Description	Total imports		Imports from the NME's	
		Jan.-Mar. 1981	Jan.-Mar. 1982	Jan.-Mar. 1981	Jan.-Mar. 1982
		Value (million dollars)			
0	Food and live animals	4,145	3,234	83	60
1	Beverages and tobacco	667	583	9	8
2	Crude material—inedible, except fuel	2,840	2,076	88	50
3	Mineral fuels, lubricants, etc	22,225	17,456	120	132
4	Oils and fats—animal and vegetable	155	98	1	-
5	Chemicals	2,264	2,305	68	74
6	Manufactured goods classified by chief material	8,436	8,893	178	179
7	Machinery and transport equipment	16,211	17,951	61	57
8	Miscellaneous manufactured articles	5,807	6,559	165	216
9	Commodities and transactions not elsewhere classified	1,671	1,897	21	7
	Total	64,422	61,052	793	782
		Percent of total			
0	Food and live animals	6.4	5.3	10.5	7.7
1	Beverages and tobacco	1.0	1.0	1.1	1.0
2	Crude material—inedible, except fuel	4.4	3.4	11.1	6.4
3	Mineral fuels, lubricants, etc	34.6	28.6	15.1	16.9
4	Oils and fats—animal and vegetable	.2	.2	.1	-
5	Chemicals	3.5	3.8	8.6	9.5
6	Manufactured goods classified by chief material	13.1	14.6	22.4	22.9
7	Machinery and transport equipment	25.2	29.4	7.7	7.3
8	Miscellaneous manufactured articles	9.0	10.7	20.1	27.6
9	Commodities and transactions not elsewhere classified	1.2	3.1	2.6	.9
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

States in the first quarter of 1981. By the first quarter of 1982 this share had dropped to 28 percent, and Hungary had replaced Poland as the principal supplier of canned hams to the United States.

More detailed statistical information on both quarterly exports and imports, including data on commodity groups, is contained in appendix A to this report. Leading U.S. imports and exports in trade with the nonmarket economy countries can be found in appendix B.

FIRST-QUARTER DEVELOPMENTS AFFECTING U.S. COMMERCIAL RELATIONS WITH NONMARKET ECONOMY COUNTRIES

U.S. Sanctions Against the Soviet Union and Poland

As the new year began, efforts were underway to gain the support of European allies for the economic sanctions imposed by the United States in December 1981 on Poland's martial-law regime and on the Soviet Union for its "heavy and direct responsibility for the repression in Poland." 1/ While the United States had little difficulty persuading other members of the North Atlantic Treaty Organization (NATO) to take economic measures against Poland, U.S. officials found the Western Europeans less willing to reduce their financial and trade ties with the Soviet Union.

President Reagan announced the sanctions against Poland on December 23. They included the suspension of Government-supported shipments of dairy and other agricultural products and a prohibition against renewing a line of short-term credit insurance that had been suspended by the Export-Import Bank of the United States (Eximbank) in November. Comparable measures were adopted by the other NATO countries (with the exception of Greece) at a series of meetings held in January. Most important, agreement was reached on ending all government-guaranteed bank credits to Poland for anything except food, a step that essentially stopped the export of Western spare parts and raw materials to that country. The European Community (EC) also decided to end its sales of subsidized food to the Polish Government. It was further agreed that talks on rescheduling Poland's official debts would be postponed.

Of the seven economic sanctions imposed against the Soviet Union by the United States effective December 29, two were directed toward a further tightening of technology transfer. One measure suspended the issuance or renewal of licenses for export of electronic equipment, computers, and other high-technology materials to the U.S.S.R. The second expanded the list of oil and gas equipment requiring licenses for export to the Soviet Union and suspended the issuance of such licenses. In practice, the suspensions extended to all items on the Commodity Control List 2/ administered by the Department of Commerce; i.e., the processing of all applications for a validated license to export goods and technical services to the Soviet Union was halted.

Given the commitment of the U.S. allies to the construction of the Soviet-European gas pipeline, 3/ the January meeting of the NATO countries ended with their pledging not to undercut one another's sanctions--namely, the U.S. sanctions--and to consider other economic measures against the Soviet Union. Two steps in particular were to be given further consideration: restraints on imports from the Soviet Union and restrictions on the financing of exports to the Soviet Union.

1/ Address by President Reagan, Dec. 29, 1981.

2/ The Commodity Control List is the list of "dual-use" goods and technology having both civilian and potentially significant military applications.

3/ For discussions of the pipeline project, see the 28th Quarterly Report . . ., pp. 37-39, and 29th Quarterly Report . . ., pp. 49-50.

On March 15 the finance ministers of the EC countries (except Greece) agreed to restrict imports of 59 Soviet products, primarily luxury items and some manufactures. Oil and raw materials, which make up the bulk of the EC imports from the Soviet Union, were not affected by the agreement. The restrictions involved a 25-percent reduction, based on 1980 trade, in imports from the U.S.S.R. of certain goods that had been imported in unlimited quantities and a 50-percent cut in imports of other products that were already subject to quantitative restrictions. The annual loss to the Soviet Union will be about $153 million, or 1.4 percent of the roughly $11 billion in goods that it exported to the EC in 1980. 1/

Throughout the first quarter, the United States pressed its allies to limit trade with the U.S.S.R. and the Eastern European NME's by restricting export credits. 2/ The U.S. proposals included putting an end to government-subsidized interest rates on credits extended for sales to the Soviet Union and placing a ceiling on the amount of trade with the U.S.S.R. and its satellites that Western governments would finance at commercial rates. No action had been taken as of the end of the quarter. 3/

Suspension of U.S. Credits to Romania

In view of the Romanian Government's difficulties in making timely payments on its large hard-currency debt, the United States has suspended or delayed the extension of any additional official credits to Romania. In February, President Reagan rejected Romania's request for credit guarantees to support its purchases of U.S. agricultural commodities. In addition, during the first quarter the Eximbank delayed making any disbursements to Romania on a $120.7 million long-term loan that was authorized in June 1981. Meanwhile, U.S. commercial banks, acting in conjunction with European private lending institutions, agreed in principle to accept the deferred repayment of Romanian obligations. During the quarter, the major creditor banks held a series of meetings to discuss the rescheduling of Romania's overdue 1981 payments and the portion of its debt due in 1982.

President Reagan's decision to deny Romania's request for U.S. agricultural export credit guarantees in fiscal year 1982 (October 1, 1981-September 30, 1982) was based largely on concern over that country's financial difficulties. Since Romania was already in arrears on its payments to Western banks and suppliers, the question of whether the loans could be repaid outweighed the other major economic consideration--that the guarantees would serve to increase sales of U.S. farm products. If Romania should fail to pay loans guaranteed by the Department of Agriculture's Commodity Credit

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1/ U.S. Import Weekly, Mar. 17, 1982, p. 595.

2/ Unlike its allies, the United States excludes the Soviet Union from any Government-sponsored financing; i.e., the U.S.S.R. is not eligible for either the credit facilities of Eximbank or the Commodity Credit Corporation's credit-guarantee program that supports U.S. grain and other major agricultural exports.

3/ These proposals were among the issues raised by President Reagan at the economic summit meeting held in June. Other leaders would agree only to "handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to insure that they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits" (communique issued at the end of the Versailles conference, June 6, 1982).

Corporation (CCC), the United States would be forced to choose between declaring Romania in default or permitting delays in repayment, as has been done with Poland. 1/

Romania had requested $200 million in agricultural credit guarantees for fiscal year 1982; however, the CCC had been seriously considering extending only up to $65 million. The commodity credits would have been used to buy U.S. corn and soybean meal. In fiscal year 1981, the CCC guaranteed $50 million in loans by U.S. banks to Romania, which were used to finance purchases of soybean meal.

Events during the first quarter lent support to the administration's decision to suspend the credit guarantees. Two banks acting as collection agents for the U.S. Government notified the CCC that they had not received approximately $5.8 million in payments that Romania owed on loans extended by the CCC under its direct credit program. 2/ The overdue obligations were subsequently met by the Romanian Government, following a request for immediate payment by the U.S. Department of State. Nonetheless, the incident indicated the seriousness of Romania's shortage of hard currency.

As of March 31, outstanding direct CCC loans to Romania totaled $28.8 million, of which $20.5 million is due during this fiscal year (on or before September 30, 1982). Loans supported by CCC credit guarantees amounted to $49 million, of which $8.5 million is due by September 30. Both the direct loans and those guaranteed by the CCC were made to Romania for a term of 3 years.

Eximbank has delayed disbursing to Romania any portion of the loan that it authorized last year for the purchase of two 700 megawatt steam turbine generators and related services from the General Electric Co. The financing arrangements called for Eximbank to support 85 percent of the $142 million in U.S. exports for use in the construction of a nuclear power station. A contract for equipment and services is also held by a Canadian company that will supply the nuclear reactor, and an Italian company will supply the rest of the plant in association with General Electric. 3/ Eximbank's decision to delay its financing of the U.S. portion of the project was made because Romania did not meet certain financial criteria specified in the loan agreement. A $1 billion loan package from Canada's Export Development Bank was also suspended because of concern over Romania's solvency. The Italian part of the financing is contingent upon activation of the Eximbank and Canadian credits.

The Romanian Government's inability to meet its financial obligations became increasingly apparent when Eximbank began to receive claims from U.S. companies that had protected their short-term credit sales to Romania under

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1/ Since the summer of 1981, the CCC has purchased the loan agreements supported by its credit guarantees from U.S. banks, i.e., paid the banks, when Poland failed to meet the payments. The position of the CCC and other U.S. Government officials is that declaring Poland in default would make it impossible to recover any of the loan losses. The payments totaled $187 million as of June 29, 1982.

2/ CCC's direct credit program was phased out during 1980 and completely replaced by a credit-guarantee program at the beginning of fiscal year 1981. However, a number of such loans are still outstanding.

3/ For a more detailed description of the Eximbank loan, see 27th Quarterly Report . . ., pp. 48-50.

the export credit insurance program operated jointly by Eximbank and the Foreign Credit Insurance Association (FCIA). The suppliers had received only part or none of the payments due them. 1/

As of December 31, 1981, the outstanding balance on Eximbank's loans to Romania (excluding the $120.7 million loan not yet disbursed) was $89.8 million. An additional $93.3 million in short-term credits extended to Romania by U.S. companies is insured under the joint Eximbank-FCIA program. 2/ Most of these payments are due before September 30, 1982. Eximbank also has a program that insures repayment to U.S. banks that extend credit to foreign buyers on behalf of U.S. suppliers. However, at present there are no outstanding guaranteed loans to Romania.

U.S. Government credits and credit guarantees make up only a small fraction of Romania's financial obligations to Western governments, banks, suppliers, and the International Monetary Fund. Estimates of its net hard-currency debt as of January 1, 1982, ranged from $10.1 billion 3/ to $12.9 billion. 4/ While the Romanian debt is less than half that of Poland, 5/ much of it is short term. Over $1 billion in payments to Western banks and Western companies was overdue at the end of 1981, 6/ and $2.6 billion in interest and principal is scheduled for repayment in 1982. 7/ During the first quarter, no significant progress was made in rescheduling the outstanding 1981 debt or payments due in 1982.

U.S. Participation in Development of China's Energy Resources

During the first quarter, China took steps to launch an energy development program involving significant foreign business participation. On February 15, the Government established the China National Offshore Oil Corporation to oversee the development, production, and marketing of petroleum resources in a 58,000-square-mile area, primarily along China's southern and northeastern coastlines. The following day, the Chinese invited 46 oil

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1/ Because of Romania's difficulties in meeting its payments, Eximbank suspended issuing policies on short-term credit sales to Romania on May 7, 1982.

2/ The balance outstanding when insurance for Romania was suspended.

3/ Estimate of Wharton Econometric Forecasting Associates, Inc., as reported in Business Week, May 24, 1982, p. 170.

4/ Business Eastern Europe, Feb. 12, 1982, p. 49.

5/ According to data compiled by Wharton Econometric Forecasting Associates, Inc., Poland's net hard-currency debt was $22.6 billion as of Jan. 1, 1982 (Business Week, May 24, 1982, p. 170).

6/ Payments overdue to Western banks at the end of 1981 were officially put at "over $500 million" (The Economist, Mar. 20, 1982, p. 63). The Romanian Government also acknowledged that $600 million in payments was overdue to Western suppliers at the end of 1981 (The Economist, Apr. 24, 1982, p. 170). These were debts not guaranteed by government export credit agencies. According to Romanian officials, only $20 million was overdue to U.S. companies at the end of 1981. The estimate made by Western sources was $300 million. (Washington Post, Apr. 15, 1982, p. A38).

7/ Estimate of Wharton Econometric Forecasting Associates, Inc. (Business Week, May 24, 1982, p. 170).

companies that had already conducted seismic surveys of the undersea reserves to bid for exploration rights. U.S. companies accounted for half of those invited to participate in the bidding. 1/ These initiatives were followed by an announcement, in late March, that the Occidental Petroleum Co. had signed an agreement to study the feasibility of developing the vast coal resources underlying an area of nearly 14.7 square miles in the northern province of Shanxi, about 300 miles from Beijing. Thus, while U.S. companies have been involved in evaluating China's oil and coal resources for several years, these announcements indicate that the Chinese Government is now ready to move ahead on a large scale to modernize its energy sector.

The slump in China's oil and coal production in the last 2 to 3 years has increased the urgency of an energy development program. After leveling off in 1980, oil output in China declined from 106 million tons (2.1 million barrels a day) in 1980 to 101 million tons (2.0 million barrels a day) in 1981, or by approximately 4.5 percent. 2/ Natural gas production, closely related to oil output, dropped 10.7 percent in 1981. Coal production declined 2.4 percent to 680 million tons in 1980 and, despite the priority given the industry under the economic readjustment program initiated late that year, output did not increase in 1981. 3/

China's need to exploit its energy resources and the necessity of foreign participation to increase production capacity quickly appear to have overcome an earlier reluctance to permit the large-scale involvement of U.S. and other Western companies. The approach to major capital investment over the past few years had been to import Western equipment and technology while maintaining complete control over the projects. Now, however, the Chinese are promoting joint ventures both to develop their energy resources and to upgrade or expand other industries. Among the advantages of the new approach are the direct injection of foreign capital and the support provided by the ongoing presence of technical advisors and experienced production and marketing managers. The development of the energy sector will essentially involve a compensation trade approach to joint ventures: China will export the oil and coal at some time in the future in exchange for the money and technical assistance needed to undertake the projects and to reach the production stage.

1/ The 23 U.S. companies invited to bid for oil exploration contracts were: Amoco Orient Petroleum Co.; Chevron Orient, Inc.; Cities Service Orient Petroleum Co.; Conoco Orient, Inc.; Esso Exploration, Inc.; Getty Oil International (Orient), Inc.; Hunt-Sedco International Petroleum Co.; Kerr-McGee Corp.; Mobil Oil Corp.; Murphy Asia Oil Co.; Natomas (Far East), Ltd.; Occidental Eastern Co.; Pecten Orient Co. (Shell USA); Pennzoil Far East, Ltd.; Phillips Petroleum International Corp. Asia; Sunmark Exploration Co.; Superior Oil Co.; Tenneco Far East Exploration and Development Co.; Tesoro Petroleum Corp.; Texaco Orient Petroleum Co.; Texas Eastern Corp.; Union Oil Orient, Ltd.; and Union Texas Asia Offshore, Inc. Two other U.S. companies--Atlantic Richfield and Santa Fe International--signed preliminary agreements with China in June 1981 and are in the process of negotiating the details of their future participation at locations in the South China Sea. However, most of the companies wanted to wait until China had drafted laws on the role of foreign firms in the development of the oil resources and on foreign taxes. In February, within days of the invitation to bid on exploration rights, the Chinese Government issued the Regulations of the People's Republic of China on the Exploitation of Offshore Petroleum Resources in Cooperation with Foreign Enterprises and Detailed Rules and Regulations for the Implementation of the Foreign Enterprise Income Tax Law (the tax law itself was released in December 1981).

2/ China Trade Report, April 1982, p. 3; Business China, May 12, 1982, p. 67.

3/ Business China, May 12, 1982, p. 67.

The agreement contemplated by Occidental Petroleum for the development of the Pingshuo mine in Shanxi Province would not only represent the largest U.S. participation in China's modernization plans to date, but would also be the largest joint venture that the Chinese have implemented with a foreign company. A preliminary assessment by the company has indicated that the mine contains 1.4 billion tons of coal, making it one of the largest open-pit coal deposits in the world. The initial feasibility study will consist of a verification of the mine's potential and further negotiations on the production-sharing and profit-sharing arrangements. A final agreement on joint development of the deposit is expected by early next year; April 1, 1983, has been set as the target date for construction to begin, with production expected to start in the first half of 1985.

Present plans call for the Occidental Petroleum Co. to invest $230 million in machinery and technology to complete the first phase of a projected three-stage development program, with the Island Creek Coal Co., a wholly owned subsidiary of Occidental, acting as the U.S. partner in the operation of the mine. China is expected to pay the costs of labor and materials for the extensive infrastructure development that will be required for the export of the coal--primarily a 558-mile railway from the mine site at Pingshuo to the coast and some port facilities. Estimates based on a startup in 1985 indicate that the mine can reach a full production level of 15 million tons of coal a year by 1986, resulting in 12.5 million tons of commercial-quality coal. The Chinese intend to export roughly 9 million tons, primarily to Japan, and use the remainder in domestic power plants. Profits from the exports will be divided evenly until Occidental's investment is recovered. Thereafter, the Chinese will receive 60 percent of the profits and Occidental, 40 percent. If the mine is developed to its full potential in the two additional stages now projected, output could reach 45 million tons annually. Negotiations are also underway for the joint exploitation of other coal deposits in China. 1/

Similar compensation trade arrangements are expected when the agreements are signed for the development of China's offshore oil resources. The companies whose bids are successful will be required to provide the investment capital and will bear all exploration risks. The revenues from the petroleum exports will then be used to compensate contractors for their drilling costs. 2/ Although most international oil development contracts allow for 10 years of exploration and 20 years of production under a joint-venture arrangement, the Chinese want to compress the time to 20 years or less--3 to 5 years of exploration and 15 years of production. 3/ The area opened for bidding in February was the first of two offshore oil tracts that foreign companies will be invited to develop jointly with the Chinese.

1/ In April another U.S. company, Fluor Corp., signed an agreement to upgrade a large open-pit mine at Fushun in northeastern China. The mine is already the world's largest operating oil shale mine and a major source of China's present supply of coal. The aim of the 50-million-dollar project (including labor and other domestic costs) is to increase the mine's capacity for export.

2/ Although the Chinese were expected to issue "model contracts" that would provide a basis for negotiating oil development agreements, none were released during the first quarter. Issues such as how the sales revenues are to be split between China and the oil companies remained unsettled.

3/ The China Business Review, July-August 1981, p. 57; The Economist, May 8, 1982, p. 88.

U.S. International Trade Commission Actions Affecting NME's

The Commission completed two investigations involving imports from NME's during the first quarter. A determination was made under section 406 of the Trade Act of 1974 on a petition alleging that imports of unrefined montan wax from East Germany were disrupting the U.S. market. A preliminary finding was made under section 733 of the Tariff Act of 1930 on a petition alleging injury by reason of imports of hot-rolled carbon steel plate from Romania sold in the United States at less than fair value. A third investigation affecting an NME--a review of conditions in the U.S. mushroom-processing industry following the imposition of import relief for the domestic producers in November 1980--was in progress during the quarter. China is now the leading source of imported canned mushrooms.

Montan wax from East Germany

On January 4, 1982, the Commission determined that imports of unrefined montan wax from East Germany were not disrupting the U.S. market. 1/ The finding was based on an investigation instituted on October 28, 1981, under section 406 of the Trade Act of 1974, following receipt of a petition from the American Lignite Products Co., the sole U.S. producer of unrefined montan wax. Section 406 investigations apply only to imports from a Communist country, and, in this case, East Germany is the sole supplier of the imported product. The primary use for both domestic and imported montan wax in the United States is as a flow agent in the manufacture of one-time carbon paper.

To make an affirmative finding of market disruption, the Commission must first find that imports are increasing rapidly, either absolutely or relatively. This rapid increase in imports during a recent period of time must be the basis of the material injury, or threat of material injury, alleged by the petitioner. In its investigation the Commission found that imports were not increasing rapidly and did not reach the issue of material injury. 2/

1/ The determination was made by a 4-to-1 vote with Chairman Bill Alberger, Vice Chairman Michael J. Calhoun, and Commissioners Paula Stern and Alfred Eckes constituting the majority. Commissioner Eugene Frank dissented, having found that imports of montan wax from East Germany are disrupting the U.S. market. The findings of the Commission are presented in Unrefined Montan Wax From East Germany: Report to the President on Investigation No. TA-406-7 . . ., USITC Publication 1214, January 1982.

2/ In 1980 and 1981 an antidumping investigation was conducted by the Commission under sec. 733 of the Tariff Act of 1930 on imports of unrefined montan wax from East Germany. In its determination, reached in August 1981, the Commission found that the U.S. industry was being materially injured by imports of montan wax sold in the United States at less than fair value. However, after reviewing the imports determined to be sold at less than fair value, the Department of Commerce concluded that no margin of dumping existed on any of the sales. In February 1982, all dumping duties previously assessed on imports of montan wax from East Germany were waived and no further duties will be assessed pending another review. On March 8, legislation that would impose a quota on imports of montan wax for a period of 3 years was introduced into the House of Representatives. As the quarter ended, this bill was under consideration by the House Committee on Ways and Means.

Carbon steel plate from Romania

On January 11, 1982, petitions were filed with the Commission and the Department of Commerce by several U.S. steel producers, alleging that imports of certain steel products from Romania are being, or are likely to be, sold in the United States at less than fair value. [1] The U.S. industry subsequently withdrew the petitions on six products, and Commerce dismissed the petitions on two others because imports of the items from Romania had been nil or negligible in recent years. These actions reduced the scope of the antidumping investigation with respect to steel products from Romania to hot-rolled carbon steel plate.

In reaching a preliminary finding on the question of injury to the U.S. industry, the Commission was able to draw upon information gathered in earlier investigations, instituted on November 18, 1981. [2] In a preliminary determination made on December 22, the Commission found that there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by imports of hot-rolled carbon steel plate from Romania. The same preliminary determination was again reached by the Commission on February 18, 1982, as a result of the investigations instituted in January following receipt of the petitions filed by U.S. steel producers. [3] The vote was unanimous in both cases.

The Department of Commerce is continuing its investigations on the question of sales at less than fair value. If Romanian steel plate is found to be sold in the United States at less than fair value, the Commission will make a final determination on the question of injury by imports of this product.

Mushrooms from China

On December 29, 1981, following a request from the United States Trade Representative, the Commission began an investigation to advise the President of developments in the domestic mushroom-processing industry following the imposition of a higher tariff on imported canned mushrooms in November 1980. [1] The investigation was instituted under section 203 of the Trade Act of 1974 in order to determine the effect of import relief, the current extent of injury to the U.S. industry from imports, and the specific efforts that firms in the domestic industry have made to adjust to import competition. [2]

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[1] The petitions were filed in conjunction with a number of others alleging that imports of certain steel products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, the United Kingdom, and West Germany are being subsidized by their Governments or sold in the United States at less than fair value. All the petitions on imports from Romania alleged sales at less than fair value (subject to investigation as antidumping cases under sec. 733 of the Tariff Act of 1930) rather than subsidized sales (subject to investigation as countervailing duty cases under sec. 703 as the Tariff Act of 1930).

[2] Hot Rolled Carbon Steel Plate From Belgium, Brazil, and Romania: Dterminations of the Commission in Investigations Nos. 701-TA-83 and 701-TA-84 (Preliminary) Under Section 703(a) of the Tariff Act of 1930, and Investigation No. 731-TA-51 (Preliminary) Under Section 733(a) of the Tariff Act of 1930 . . ., USITC Publication 1207, January 1982. The earlier investigations were initiated by Commerce on the basis of data gathered under the Trigger-Price Mechanism program. Following the Commission's investigations, these actions were discontinued and preliminary investigations covering more steel products and more countries were instituted on the basis of the petitions filed by U.S. steel producers.

[3] Certain Steel Products From Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany, vols. 1 and 2, USITC Publication 1221, February 1982, covering investigations Nos. 701-TA-86 through 144, 701-TA-146, and 701-TA-147 (Preliminary) and 731-TA-53 through 86 (Preliminary).

Information gathered in the investigation [3] showed that imports of canned mushrooms from China have continued to increase since import relief became effective, while total imports of the product have decreased sharply. As the quantity of imported canned mushrooms from Taiwan, the leading U.S. supplier prior to 1981, declined to less than half its 1980 level, China became the major U.S. source of the article. In 1981, canned mushrooms from China accounted for 31 percent (by quantity) of U.S. imports. This represents a significant increase in China's share, which had been only 12.6 percent in 1980, when China was granted most-favored-nation tariff treatment, and less than 1 percent in previous years. The quantity imported from China increased from 265,000 pounds (drained weight) in 1979 to 27.4 million pounds (drained weight) in 1981.

Information obtained in the investigation also showed that, in 1981, the unit values of mushrooms from China were significantly lower than those of mushrooms from Taiwan and The Republic of Korea. This appears to have been the factor most responsible for the increase in China's market share. [4]

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[1] The col. 1 (MFN) rate on canned and other prepared mushrooms was raised from 3.2 cents per pound (drained weight) plus 10 percent ad valorem to 10 cents per pound (drained weight) plus 30 percent ad valorem on Nov. 1, 1980. The temporarily higher rate is subject to automatic annual reductions and will revert to the statutory rate on Nov. 1, 1983.

[2] Under sec. 203, the Commission may also be asked to advise the President as to the probable economic effect on the domestic industry of reducing or terminating import relief. In this investigation, the Commission was asked to consider the effect of terminating the higher tariff on canned mushrooms broiled in butter or in butter sauce, an item that constitutes about 4 percent of the annual U.S. imports of canned mushrooms.

[3] Certain Mushrooms: Report to the President on Investigation No. TA-203-13 . . ., USITC Publication 1239, April 1982.

[4] Ibid., pp. A-24 through A-26.

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HUNGARIAN ECONOMIC REFORMS: SOME IMPLICATIONS

For some time Hungary has allowed market forces to have an increasing role in its centrally planned economy. The Hungarian experiment with the so-called New Economic Mechanism (NEM) is being followed with great interest in both other NME's and in market economy countries.

Following the major changes the Hungarian economy has undergone for over a decade, its continued unqualified characterization as a nonmarket economy has become somewhat debatable. Moreover, while several terms are used nearly synonymously to refer to nonmarket economy countries, there seems to be no clear standard by which to determine whether the Hungarian system can be appropriately labeled with any one of them.

Terminological variations in U.S. trade law and academic usage are reviewed immediately below, followed by a general account of the Hungarian economic reforms. These reforms are of current interest for two reasons: first, they have recently been subject of close scrutiny in the context of U.S. trade laws, and second, the NEM and similar programs in Eastern Europe may have a significant effect on East-West trade.

"NME" and Other Terms in Use

U.S. statutes regulating foreign trade include provisions that apply exclusively to trade with NME's, referred to as such or by some other term. These statutes take into account the specific foreign-trade implications of NME characteristics, such as artificial pricing systems, state monopolies for foreign trade and a lack of significant reliance on market forces. NME's are able to export at prices that do not reflect their costs of production and thus are more rapidly able to disrupt foreign markets.

Title IV of the Trade Act of 1974 regulates various aspects of U.S. trade with countries generally referred to as nonmarket economy countries throughout the title. Title IV is also the basis for this series of reports: section 410 requires the U.S. International Trade Commission to monitor U.S. trade with NME's. A terminological exception is made in section 406 of title IV, which provides for the protection of U.S. industry and employment from market disruption by imports originating in countries referred to as Communist rather than as NME's. The term "Communist country" is defined in the act as "any country dominated or controlled by communism." 1/

1/ The discussion of reasons for the semantic inconsistency in title IV is beyond the scope of this report.

In U.S. antidumping legislation, the determination of fair value is separately provided for with regard to imports from those countries that are determined to have state-controlled economies (SCE's). The currently applicable statute is section 773(c) of the Tariff Act of 1930, as amended. 1/

The provisions mentioned thus use three different terms to identify the type of country to which they apply: "NME," "Communist," and "SCE," respectively. Yet, to date, each of these provisions has been applied to virtually the same group of countries, giving the appearance of an interchangeability of these terms in legislative practice.

For the purposes of the East-West Trade Statistical Monitoring System, which includes the present series of quarterly reports, the Commission originally defined NME's as identical with those "Communist countries" whose exports can be investigated under section 406 of the act (market disruption). However, in 1981, the Commission decided that Yugoslavia could not be appropriately considered an NME, and therefore it would no longer be included in the countries covered by this report. 2/ In other words, legislative practice currently treats the countries listed in the introduction of this report as NME's, and these countries plus Yugoslavia as Communist.

Section 773(c) of the Tariff Act of 1930 does not define the meaning of a state-controlled economy or indicate an equivalency of this term with either "Communist" or "NME." In fact, officials of the U.S. Department of Commerce, which administers part of the antidumping statute, emphasize that the question of whether or not a country is state controlled is separately determined for the purposes of each case under investigation. The decision as to whether in a particular case normal procedures of fair-value determination should be ruled out is thus unrelated to the status of the country of origin as an NME, a Communist country, or a market economy under any other statute. 3/

Those countries found to be SCE's in U.S. antidumping cases were all among the Communist countries within the meaning of section 406 of the Trade Act of 1974. Commerce officials emphasize that this is coincidental, as several noncommunist countries might have been easily classified as SCE's had their exports to the United States been significant and had some of their products become the subject of U.S. antidumping investigations. Therefore,

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1/ Sec. 773(c) was added to the Tariff Act of 1930 (19 U.S.C. 1677b (c)) by sec. 101 of the Trade Agreements Act of 1979.

2/ See the introduction to this report.

3/ A preliminary determination in an antidumping case concerning menthol from the People's Republic of China uses the following language: "There are no set criteria for whether, in a particular case, the degree of state control over an economy is such as to make home market prices inappropriate for purposes of foreign market value. Neither the language of the statute nor the legislative history offers anything more than the most general guidance. Each case must be decided upon an analysis of the particular economic factors involved." 46 F.R. 3258.

the apparent equivalency of "Communist" with "SCE" in U.S. legislative practice derives primarily from prevailing patterns of U.S. imports from the countries involved. 1/

While all countries determined to be SCE's in antidumping practice were also Communist, not all countries considered Communist were found to be SCE's. In 1977, Commerce determined that Yugoslavia—universally regarded as Communist—did not have a state-controlled economy for the purposes of an antidumping case. 2/ At the time of this finding, Yugoslavia was still included as an NME in this series.

To date, all other Communist countries have been found to be state controlled. Nonetheless, the issue of state control was strongly argued in antidumping proceedings concerning two other Communist countries, which are considered NME's as well. The first country in question was the People's Republic of China. 3/ This case raised the issue whether the finding of state control under section 773(c) should be based on the characteristics of the entire Chinese economy or only on the characteristics of the particular sector relevant to the merchandise in question. 4/

The next opportunity for Commerce to address this issue occurred in a recent antidumping case concerning imports from Hungary. The Hungarian exporter and U.S. importer argued that economic reforms created market-type conditions in Hungary, reducing state control to a degree that allows normal methods of price formation. In a preliminary determination of sales at less than fair value, Commerce concluded that "Hungary's economy is state-controlled to the extent we are unable to determine the foreign market value . . . ." 5/

However, Commerce did recognize the significance of the Hungarian reforms and their possible implications for future U.S.-Hungarian trade disputes:

> The structure of the Hungarian economy is undergoing major internal reforms. These reforms, if adopted as expected, may change the Hungarian economy sufficiently to establish "free market" characterization in future cases.

1/ Since the Trade Act of 1974 became effective, the following countries have been considered state controlled for the purposes of antidumping cases: Poland (golf carts, carbon steel plate); Romania (footwear, sheet glass); China (menthol), East Germany (montan wax) and Hungary (incandescent lamps and tractor trailer subassemblies).

2/ 42 F.R. 39288.

3/ 46 F.R. 3258.

4/ Commerce determined that "quasi-market conditions" existed with respect to the product in question; nonetheless it determined that China was an SCE for the purposes of that case. 46 F.R. 3258.

5/ 26 F.R. 46153.

> We cannot state categorically that certain factors we have relied on in this case will have the same relevance in any other investigation. Therefore, our determination of state control in no way means that in any future investigation we will necessarily treat Hungary as a state-controlled economy. 1/

It has been known for some time that SCE's—i.e., NME's—vary in their degree of economic centralization. Therefore, differences between their economic systems, and a multitude of terms in use for denoting them, create some confusion. Additional terms in wide use that have not been mentioned so far include "centrally planned economies" (CPE's), "command economies," and "socialist economies"; the last is used by the Communist countries themselves. In addition, a separate term was recently coined to distinguish "modified centrally planned economies" (MCPE's) from the "classical" or traditional Soviet-type CPE's. An MCPE is described essentially as the Hungarian economy after 1968 including certain important features of the Polish economy after 1971. 2/

Hungary's Economic Reforms 3/

Background

For some 14 years, Hungary has been pursuing an economic program unique among countries with strong ties to the U.S.S.R. The New Economic Mechanism is an economic policy and regulatory mechanism designed to reconcile market forces with a central planning system. Introduced in 1968, it was interrupted between 1974 and 1978 but was reaffirmed thereafter, triggering new measures based on the original concept.

While other Eastern European countries also experimented with introducing market forces, their actions were tentative in comparison with Hungary's perseverance in pursuing this goal and did not constitute a comprehensive program like the Hungarian NEM.

Following World War II, Hungary adopted a Soviet-type centrally planned economic system as did all other countries in Eastern Europe. 4/ The Hungarians developed multiyear and annual economic plans from draft plans

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1/ 26 F.R. 46153.

2/ Thomas A. Wolf, "External Inflation, the Balance of Trade and Resource Allocation in Small Centrally Planned Economies," in The Impact of International Economic Disturbances on the Soviet Union and Eastern Europe, Pergamon Press, 1981.

3/ This section is based on several recently published sources, especially the following: OECD Secretariat, Assessment of the Economic Reforms in Hungary, working paper TC/WP/ (82) 17; Truck Trailer Axle-and-Brake Assemblies and Parts Thereof From Hungary, Memorandum of Rockwell International Corp. on Hungary as a state-controlled economy before the U.S. Department of Commerce, Apr. 22, 1981; Bela Csikos-Nagy, "The Competitiveness of the Hungarian Economy", The New Hungarian Quarterly, autumn 1981; Bela Balassa, The Hungarian Economic Reform, 1982, World Bank staff working paper No. 506.

4/ In the early 1950's, Yugoslavia was expelled from the alliance of the Soviet Union and Eastern European countries. Thereafter, it created its own brand of "socialist market economy."

submitted by the lowest producing units (enterprises, firms, and cooperatives) to the central authorities. After plans for the major economic sectors had been approved by the political leadership, they were broken down and returned to the enterprises. The plans for the most part were set out in quantitative targets. Capital, materials, and labor were centrally allocated among users in accordance with the production targets assigned to them in the plans. A state monopoly was in charge of managing foreign trade, which was thus fully centralized.

In this central planning system, the principal measure of an enterprise's performance was the fulfillment of the plan. Profitability was of minor significance because costs and revenues were not meaningful, being based on largely arbitrary prices. Prices were determined by central authorities on grounds of political and social as well as cost considerations, and they were rarely changed after having been set. Prices therefore did not reflect relative scarcities and bore no relation to world market prices. They were inadequate to clear markets and to evaluate the cost effectiveness of investments, foreign trade or any other economic process in Hungary. Prices instead played a largely passive role, functioning predominantly as accounting units.

Large-scale mobilization of untapped resources—including heretofore underutilized rural and female labor—rewarded the Hungarian CPE with years of rapid growth through the early 1960's, albeit from a relatively low base. However, the shortcomings of what is now frequently referred to as physical planning soon became apparent. Among other problems, the quality and composition of producer goods and consumer goods supplied did not correspond to demand, so that the economy was plagued with shortages of some goods and surpluses of others.

Unconcerned with the real demand for their products, individual managers pursued the fulfillment—preferably overfulfillment—of their production targets. There was also an incentive to keep large inventories to prevent shortages in inputs, and in all other respects to pay little attention to cost. Wastefulness on the enterprise level was compounded by wastefulness in the designation of developmental priorities and the other macroeconomic decisions made by central authorities. These decisions were not guided either by considerations of cost effectiveness or by signals of real needs.

Following the 1956 revolution of the Hungarian people against repression, the new Government reasserted Hungary's allegiance to the U.S.S.R. and the "socialist" character of the Hungarian political-economic system. Nonetheless, it decided to allot a certain role to market forces in regulating the economic process. In the late fifties, authorities introduced measures such as profit sharing for workers, as well as some degree of autonomy for enterprises, and the modest beginnings of a price reform. The abolition of mandatory planning and compulsory delivery of output to the State in the farm sector—also in the late fifties—was the forerunner of the comprehensive reform program (the NEM) which was introduced a decade later.

The guiding principles of the NEM were announced on May 7, 1966, in a resolution of the Central Committee of the Hungarian Socialist Workers' Party. This resolution is considered the basic document of the program, which was put into effect on January 1, 1968.

Under the NEM, economic decisionmaking was to be decentralized to the level of the enterprises, which, in turn, were to be motivated by profit incentives. Making profitability an indicator of the enterprises' efficiency required meaningful, functional prices. The NEM set out, therefore, to limit the scope of central price determination, allowing domestic prices to gradually find their free-market levels and linking them with world market prices. Enterprises were given autonomy in operating decisions and for some investment decisions. The reformers intended to replace the fulfillment of the plan with profitability as the yardstick of performance.

After the NEM was initiated in 1968, a wide array of measures were gradually introduced. Some of these were first trials in the framework of the new program. Others adjusted or complemented earlier measures reflecting the authorities' learning process about the program, and still others were responses to newly arising domestic or external requirements in the spirit of the NEM.

Owing to its high foreign-trade sensitivity, 1/ the Hungarian economy suffered a shock in the early 1970's from rapidly rising prices in world markets—especially from soaring crude-oil prices. At the same time, world recession and growing protectionist tendencies made Hungarian exports for hard currency increasingly difficult.

In response to these external developments, the Government virtually halted the NEM in 1974-78. Central authorities set out to shield enterprises that were affected by the soaring prices of imported inputs and to support the competitiveness of enterprises on world markets with various schemes of subsidies and preferences. At the same time, authorities levied special taxes on the revenues of those firms they perceived to be reaping extra benefits from subsidized inputs or having more than average profits from exports. The levels of support and taxation were determined on a firm-by-firm basis involving considerable bargaining between the firms and the central authorities. 2/ This practice also clearly amounted to a partial recentralization of economic management, and was in sharp conflict with the fundamental concept underlying the NEM. However, the objectives of the NEM were strongly reaffirmed in 1978, with added emphasis on the goal that Hungary should become competitive in export markets. International competitiveness became the overriding aim of the new round of measures introduced thereafter.

Principal features of the New Economic Mechanism 3/

The provisions of the NEM fall in two major categories: (1) institutional and (2) pertaining to prices and incentives. In the first category, a landmark measure was the abolition of compulsory planning for industrial enterprises, which took effect in 1968, immediately at the outset of the NEM. This act conferred a major degree of autonomy on firms, allowing them to determine their own performance goals, to do their own marketing, acquisition, and hiring, and to decide on certain investments. Some large producers were even authorized to export and import directly. As a corollary of these measures, the NEM began to phase out the central allocation of materials and permit the free movement of labor.

1/ For years, exports have accounted for some half of Hungary's national income; close to half have gone to market economies.

2/ Bela Balassa, The Hungarian Economic Reforms, op. cit., p. 15.

3/ The remainder of this section will discuss certain economic policy decisions under the NEM. Insufficient information and the scope of this report do not allow an assessment of the extent to which these actions were actually put into operation, to which segments of the economy they are applicable or how successful their implementation was. Statements relating to foreign trade generally refer to Hungary's trade with market economies. The special conditions applicable to Hungary's trade with partners in the Council of Mutual Economic Assistance are not separately discussed.

In principle, competition—from both domestic and imported items—was to replace plan directives in guiding the enterprises. However, when the NEM was instituted, the competitive domestic environment required by this concept was missing. The highly concentrated Hungarian industry was dominated by large-scale enterprises relative to the size of the economy, employing 1000 persons or more. Many of these were centrally managed trusts; some represented entire industries, and therefore enjoyed virtual monopoly positions. In order to create a more competitive environment, the Hungarian government made efforts to increase the number of enterprises by breaking up several horizontal trusts and large firms and by establishing new enterprises. 1/

Under NEM provisions a notable role was accorded to cooperatives in the area of industry and construction with the intention of filling the void created by the shortage of small firms. Cooperatives often produced components and parts needed by the larger firms. The NEM also supported the growth of small private enterprises in areas such as services, construction, and retailing and, more recently, in industrial production as well.

In agriculture, the reformers gave further encouragement to workers of the agricultural and nonagricultural socialist sector to farm on small household plots. For example, they eliminated restrictions on livestock size on such plots (farming on household plots and the free marketing of produce from these plots had already been permitted before the NEM). Moreover, the NEM strengthened the rural cooperatives legally and financially, authorizing them to establish ancillary operations, including construction and manufacturing. These operations were to complement rather than replace the collectivized agricultural sector.

The NEM also accommodated the growth of what is generally termed Hungary's "second economy." This includes small-scale private ventures in several areas of the economy, many of which have never been officially registered. Unlike the U.S.S.R. and other Eastern European countries, Hungary has tolerated these activities. The Hungarian authorities apparently recognize that the "second economy" frequently serves a useful social function in satisfying those needs the socialist sector is unable to meet and in augmenting the earnings of individuals in the socialist sector. The "second economy" is only tacitly accepted in the current phase of planned transition to a market economy, and authorities may endeavor to legalize it fully some time in the future.

The NEM also changed the organizational scheme of the central planning authorities, whose disengagement from close supervision of the enterprises allowed the reduction of their bureaucracies. Meanwhile, the role of the National Bank of Hungary increased, reflecting the growing relevance of monetary relationships in the Hungarian economy. The increased autonomy of enterprises in the investment area allowed them to supplement their own investment funds with loans from the National Bank.

However, the central authorities retained ultimate power in the area of investments. The NEM did not dismantle the preexisting system of taxes and subsidies which served to reallocate the funds generated by enterprises

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1/ Despite such efforts, the level of concentration in the Hungarian industry remained high, facilitating its temporary recentralization after 1974. In 1978, 700 state-owned enterprises accounted for 84 percent of the industrial work force and 93 percent of the industrial output.

according to centrally determined priorities. The self financing of enterprises has continued to be controlled by significant taxation, and their major investment proposals still depend on centrally allocated grants from the state budget, or on centrally determined priorities in awarding credit.

The centerpiece of the NEM was a major overhaul of the Hungarian price system. The reformers wanted prices to reflect the cost and market valuation of products as they do in market economy countries. Three major price categories—fixed, limited, and free—were established during the transition from the prior system of exlusively fixed prices to the ultimate goal of completely free price formation.

Fixed prices initially continued to predominate in the sphere of energy, basic materials, agricultural products, foodstuffs, and some intermediate products, as authorities wanted the prices of such vitally important commodities to remain stable. In contrast, the reform freed the prices of less essential items—mostly finished industrial goods. In the intermediate category, the reformers allowed prices to vary between specified limits or they set upper limits only. This heterogeneous domestic price system was then linked to world market prices through a complicated system of "foreign trade multipliers" (the forerunner of a subsequent "commercial exchange rate"). The intent was to gradually make domestic prices proportional with world-market prices.

The reformers envisaged that prices that had been originally designated as fixed and/or limited would gradually become free for most industrial and consumer goods. However, this process turned out to be much slower than expected. By 1975, only some 35 percent of such products (not counting investment-related construction goods) belonged to the free category instead of 50 percent, as planned. 1/

As some prices were gradually liberalized while others remained in the fixed and/or limited category, major new incongruities developed (a) between producer and consumer prices and (b) between domestic and foreign prices. In the first case, increases in the liberalized producer prices were transmitted only slowly to consumer prices, which continued to be heavily subsidized. This resulted in the anomalous situation wherein producer prices were on the average higher than consumer prices.

In the second case, despite policy goals to the contrary, domestic prices continued to be isolated from world-market prices, as central authorities shielded enterprises and consumers from the effects of foreign inflation. For example, in 1976, the Hungarian price of petroleum was still only some 60 percent of the world price.

The distorted price system, coupled with a weak incentive system therefore continued to deliver the wrong signals to producers, consumers and workers. This led to excessive demand for investment goods which triggered an influx of imports of technology-intensive Western goods that used up hard-currency reserves. The system also provided insufficient incentives to export and encouraged an unaffordable level and structure of consumption.

1/ Figyelo (a Hungarian magazine), Dec. 24, 1980, as cited by Rockwell, op. cit., Annex A. p. 16.

Foreign-trade aspects and the most recent measures

These problems led to a thorough reexamination of the NEM in the second half of the 1970's, especially in the context of Hungary's foreign-trade policy. Hungary is a small, resource-poor country with a high dependence on foreign materials and equipment. The effects on its economy of fast-rising world prices had therefore been profound. A few years after the NEM was introduced, Hungary's terms of trade began to deteriorate precipitously. This problem was compounded by increased Western sensitivity to imports following the first oil shock, which sharply curtailed Hungary's opportunites to export for hard currency. These developments interfered with the intentions of the reformers to hold enterprises responsible for profitability and led to substantial Hungarian trade deficits and a sizable external debt in hard currency. [1]

In 1974 the NEM was tacitly interrupted, and a prolonged debate began on the principles and methods of possible adjustments to the new conditions. Some argued in favor of indefinitely protecting the Hungarian economy from harmful external effects by the administrative means characteristic of CPE's. However, by about 1978, a consensus taking the opposite view emerged. The majority argued that domestic adjustments to international economic changes should not be delayed indefinitely. Specifically it was decided that Hungary should reestablish its hard-currency trade balance and control its external debt.

In effect, policymakers decided to subordinate earlier economic objectives--such as rapid domestic growth and price stability--to external equilibrium as their overriding goal. The Hungarians were successful in reducing their hard-currency deficit in 1979 and in virtually eliminating it thereafter. This was achieved by a combination of stringent import restrictions and stepped-up exports mostly in the area of agricultural and food products. Hungary's application for membership in the International Monetary Fund (IMF) and the World Bank in the fall of 1981 implied their readiness to submit to the economic discipline such membership requires. [2] Nonetheless, the servicing of existing foreign loans, compounded with prospects of further deterioration in Hungary's terms of trade, continue to cloud the outlook for the country's external balance.

The new commitment to external equilibrium after 1978 was coupled with a strong reaffirmation of the NEM for adapting the Hungarian economic structure to the requirements of that equilibrium. International competitiveness became the byword for a new round of reforms initiated in 1980. In the words of a leading Hungarian economist, ". . . in an economy sensitive to foreign trade . . . economic efficiency can only be measured by the standards of international competitiveness." [3]

Hungarian reformers argued that international competitiveness required competitive pricing on the domestic market; therefore, most of the newest provisions pertain to prices and incentives. Foreign prices are to become regulators of Hungarian domestic prices, which will in principle lead to a gradual alignment of domestic prices with world market prices. This also involves phasing out the import subsidies that discouraged enterprises from saving on imported items. Domestic prices are to reflect the actual cost of imported fuels, materials, and equipment, calculated in terms of "realistic" exchange rates. The reformers hope that taking account of the true cost of imported inputs would induce producers to be more economical in their use. 1/

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[1] See the 29th Quarterly Report . . ., p. 110.

[2] In May 1982 the IMF formally approved Hungary as its 146th member.

[3] Csikos, op. cit., p. 24.

Similarly, it was decided to phase out export subsidies that reduced the incentives for enterprises to search for profitable ways of exporting. The prices of exportable products on the home market are in principle also limited to the prices these products command on world markets. Previously, firms preferred to sell on the domestic market as, among other advantages, this allowed them to charge higher prices. Tying home-market prices to the prices attainable on world markets is intended to (a) subject monopolistic domestic producers to foreign price competition and (b) eliminate the disincentive for these producers to export.

The new price measures were also designed to establish an appropriate relationship between domestic producer and consumer prices while linking both to world market prices. This was to be accomplished by phasing out consumer subsidies (especially on internationally tradeable products) and by levying sales taxes on consumer items. The combined effect was a marked rise in consumer prices. 2/ Policy makers thus accepted inflation—a notable fact, considering that inflation has always been anathema to socialist dogma. In sacrificing dogmatic constraints, the reformers were hoping that higher consumer prices would render Hungarian consumption patterns affordable for the country. 3/

The alignment of the Hungarian prices with world-market prices required workable exchange rates. 4/ Reformers also decided to achieve at least a partial convertibility of the forint to improve Hungary's international creditworthiness. As a step towards this goal, Hungarian authorities merged the previously separate commercial and tourist rates into a single exchange rate in October 1981, and subjected it to weekly adjustments thereafter.

1/ On Jan. 1, 1980, the average prices of raw materials and basic intermediate products were raised by 30 percent; the increase for energy was 57 percent.

2/ Many consumer prices, including those for foodstuffs, rose significantly in 1978-81. Further increases are anticipated, many of them to occur among essential consumer goods.

3/ The latest price reforms were accompanied by corresponding tax reforms (e.g., a cut in payroll taxes to offset increases in consumer prices), the discussion of which is beyond the scope of this report.

4/ An ongoing debate about what a "realistic" exchange rate should be centers on the question of whether it would be preferable to somewhat undervalue the forint and stimulate exports or to overvalue it and reduce the effects of Western inflation on essential Hungarian imports. For a discussion of these questions and the issue of currency convertibility in Hungary, see Paul Marer, "Exchange Rates and Convertibility in Hungary's Economic Mechanism," published in U.S. Congress, Joint Economic Committee, East European Assessment, pt. 1, 1981.

Competitive prices, once in effect, are expected to shape the Hungarian economic structure in accordance with the country's comparative advantages. They are envisaged as stimulating those industries that can export efficiently or that can substitute efficiently for imports--especially in hard-currency trade. 1/

The sixth Hungarian five-year plan (1981-85) apparently shifted the preexisting emphasis in Hungarian foreign trade from import substitution to export promotion. The plan is aiming at developing Hungary's capabilities for producing and marketing items which can be sold profitably in any market. Two-thirds of the national income increment stipulated in the plan is earmarked for additional exports. 2/ To insure external balance, the plan stipulates relatively slow growth (2.6 to 3.2 percent annually) and aims at maintaining, rather than raising, the standard of living. 3/

Current Status of the NEM and Implications for Western Partners

Hungary's experience shows that a reform program that aims at reconciling two fundamentally different economic systems takes a long time to work through. Pursued for over 14 years, the NEM can be credited with many achievements. This is especially true for the period between 1968 and 1974, when the impact of adverse external circumstances began to be felt. Initial accomplishments included accelerated growth of production and exports. The salutary effects of the newly introduced incentives were apparent in the early years of the NEM in the form of rising productivity, cost reductions, and greater sensitivity to the nature of demand. Since 1968, the range of consumer goods and services available to the Hungarian people has been unique among NME's.

Still, the program seems to be far from achieving its aims. Some of its potentially most effective measures were announced only recently, and therefore their impact has not yet been assessed. Analysts agree that the Government will have to continue to fight deeply entrenched resistance to the program since the new measures threaten the traditional security of both managers and workers.

1/ Hungarian economists measure the efficiency of hard-currency exports by the domestic cost of a unit of hard currency a product or an industry can earn. They measure the efficiency of hard-currency imports by the amount of domestic currency a unit of hard currency spent on the imported product can save. However, these indices of foreign-trade efficiency are considered meaningful only in the context of a realistic domestic price- and cost-accounting system.

2/ Csikos, op. cit., p. 29.

3/ Even before this most recent added emphasis on exports, the Hungarians created highly specialized enterprises equipped with modern machinery, capable of mass-producing items sold at internationally competitive prices. Often-cited examples are the Hungarian "Ikarus" buses, the truck trailer subassemblies mentioned previously, electric lamps, all sold in the United States and other foreign markets.

The reforms of the NEM made the determination of the question of state control for Hungary under the U.S. antidumping law more complex than it would have been with regard to other NME's. The Department of Commerce stated in its affirmative determination of last year in a particular antidumping case that "there is considerable uncertainty as to the extent that the 1978 reforms are being instituted and enforced." 1/ The Commerce report further pointed out some specific factors that limit the action of market forces, such as the investment of enterprises that continue to be state controlled and wage levels that are effectively centrally controlled by means of high marginal tax rates. 2/ With respect to the latter point, it is argued that taxing the increments of wages on a progressive scale puts a de facto ceiling on earnings and may depress the cost of labor sufficiently to interfere with free price formation.

Traditional NME objectives, such as maintaining full employment (which is meant more literally than in Western democracies) and a relatively high degree of egalitarianism, have lingered on in Hungarian socioeconomic policy to date. Wage controls are a positive policy tool from this perspective since they are believed to aid in (a) accommodating more employment from a given wage fund and (b) avoiding significant income disparities. At the same time, wage controls limit the freedom of enterprises to reward productive workers on one hand, and to punish unproductive ones on the other. Similarly, inefficient firms continue to be protected from bankruptcy, so that their workers also continue to be shielded from losing their jobs. 3/

These arguments are especially important when comparing the central controls still prevailing in Hungary with conditions in Yugoslavia, where the national Government's role is limited mostly to fiscal and monetary controls. In Hungary, managers are appointed and supervised by central authorities, whereas Yugoslav firms are under the management of their own workers. The Yugoslav workers' councils are not accountable to any higher authority for their actions; the workers of the firms collectively own their capital assets and allocate profits freely, whether to be distributed or retained for investment. By the same token, the workers' councils are vulnerable to all adverse consequences of their own decisions.

An expert for the U.S. producer's side in the Hungarian truck trailer antidumping case characterized the Yugoslav economy as follows:

> The objectives, features and performance of the Yugoslav economy, which is not shielded against the negative effects of a functioning market mechanism (inflation, unemployment, bankruptcy) justify its classification as a socialist market economy 4/

1/ F.R. 46153.

2/ Ibid.

3/ The newest regulations reportedly provide incentives for enterprises to limit the size of their work forces, and they stipulate that firms operating at a loss will eventually be phased out.

4/ Rockwell, op. cit., Annex A, p. 2.

He subsequently suggested that vulnerability to these negative developments in an economy indicate the presence of an operating market system, whether socialist or capitalist. By contrast, an economy that has built-in protections against these threats in the form of preferences and subsidies--as does the Hungarian economy--cannot be considered a market economy, he argued. 1/ However, Hungary's market orientation is significant in the context of East-West trade, even if it has not reached the ultimate stage. This was apparent from the serious attention Commerce paid to Hungary's market forces in the truck trailer case when determining the degree of state control.

Spokesmen for NME's have intermittently complained that existing or proposed trade legislation in the United States and other Western countries is based on the presumption that exports from NME's (or SCE's) are unfair per se. In the words of Poland's Professor Soltysinski:

> . . . If one starts with such somewhat arrogant assumptions that in each case the costs of production of a socialist enterprise cannot be lower than those of its free market economy competitor, that all our exports are unfair, or that in an SCE everything is subsidized, one will end with discriminatory solutions 2/

He then argued that such presumptions should not preclude SCE's from the opportunity to compete in world markets, including on the basis of price. 3/

Because of their notable trade with Hungary and other Eastern European countries, the West is not uninterested in whether they will succeed in becoming competitive at fair prices on any meaningful scale. A transformation of Hungary and possibly other NME partners into market economies, having meaningful prices, would undoubtedly invite a review of some of the presumptions that may currently underlie Western policies concerning East-West trade.

1/ Ibid.

2/ Stanislav Soltysinski, "U.S. Antidumping Laws and State-Controlled Economies", Journal of World Trade Law, Summer 1981, p. 263.

3/ Ibid.

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APPENDIX A

MAJOR ITEMS IN U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES

Table A-1.—Agricultural items: U.S. exports to the individual nonmarket economy countries and to the world, 1979-81, January-March 1981, and January-March 1982

Market	1979	1980	1981	January-March-- 1981	January-March-- 1982
	Value (1,000 dollars)				
China	990,159	2,209,524	1,956,287	751,321	506,217
U.S.S.R	2,854,896	1,047,118	1,664,986	689,124	1,129,537
Poland	651,371	571,461	592,374	273,478	24,044
Romania	336,515	462,595	368,391	151,027	56,597
East Germany	321,818	453,248	284,181	130,172	116,360
Bulgaria	41,019	127,339	197,270	64,277	31,502
Czechoslovakia	247,999	154,574	58,240	36,314	27,736
Hungary	24,466	24,419	12,934	1,838	2,548
Mongolia	-	-	-	-	-
Albania	151	224	-	-	-
Vietnam	-	-	153	-	-
Cuba	-	-	-	-	-
North Korea	-	-	-	-	-
Total	5,468,394	5,050,503	5,135,316	2,097,554	1,894,542
Total, agricultural exports to the world	34,745,385	41,255,934	43,338,212	12,559	10,457
	Percent of total exports				
China	57.7	58.9	54.3	63.5	56.0
U.S.S.R	79.2	69.4	71.2	86.0	89.2
Poland	82.8	89.4	87.1	89.7	61.7
Romania	67.2	64.2	73.1	78.8	62.1
East Germany	90.8	94.9	96.2	97.5	96.8
Bulgaria	73.0	79.2	76.4	87.3	84.5
Czechoslovakia	88.2	83.5	70.7	85.7	85.3
Hungary	31.5	30.9	16.7	7.6	11.8
Mongolia	-	-	-	-	-
Albania	1.5	3.3	-	-	-
Vietnam	-	-	2.0	-	-
Cuba	-	-	-	-	-
North Korea	-	-	-	-	-
Total	70.9	63.7	65.4	76.2	75.2
Total, exports to the world	19.5	19.0	18.9	21.4	19.3

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table A-2.--U.S. exports of selected major commodities to the nonmarket economy countries (NME's), January-March 1981 and January-March 1982

Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's	
		Jan.-Mar. 1981	Jan.-Mar. 1982	Jan.-Mar. 1981	Jan.-Mar. 1982
		Percent		1,000 dollars	
Cattle hides	Romania	10.5	9.9	18,211	18,705
Cereals	U.S.S.R	26.5	34.7	1,395,681	1,352,630
Corn, unmilled	do	29.2	32.0	750,715	476,476
Wheat	do	31.7	43.5	644,800	875,191
Coal	Romania	1.2	.7	15,869	11,915
Fertilizers	China and U.S.S.R	6.8	13.5	57,807	88,994
Magnesium	Romania	1.3	-	431	-
Metal ores	U.S.S.R	1.1	7.8	3,466	13,458
Soybean oilcake and meal	East Germany	29.7	14.7	167,717	71,917
Soybeans	U.S.S.R	4.4	13.6	83,968	241,135
Textiles	China	16.5	10.7	467,622	241,686
Cotton	do	34.6	18.0	323,518	138,768
Manmade fibers	do	24.5	23.1	111,405	97,707

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-3.—20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., January-March 1981 and January-March 1982 1/

Schedule B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's: Jan.-Mar. 1981	Share of total exports accounted for by NME's: Jan.-Mar. 1982	Value of exports to all NME's in Jan.-Mar. 1982
			Percent	Percent	1,000 dollars
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents.	U.S.S.R	-	98.6	38,811
121.0515	Bovine leather, rough, russet and crust, wet blue, not split.	China	76.0	86.7	3,050
121.0530	Bovine leather, rough, russet and crust, wet blue, split.	do	11.9	77.8	16,866
176.5400	Sunflower seed oil	U.S.S.R	-	76.7	22,678
417.7100	Barium compounds	Romania	-	74.4	2,938
309.4242	Polyester fibers in noncontinuous form	China	67.3	70.0	44,067
818.3100	Food products n.s.p.f., donated for relief or charity by individuals or private agencies.	Poland	2.2	68.6	7,451
310.0010	Textured yarns, continuous manmade fibers, of nylon, less than 1,000 denier.	China	55.3	57.8	46,368
711.8729	Parts, n.s.p.f. for nonelectric scientific instruments.	do	-	55.3	1,401
475.4555	Insulating or transformer oils	U.S.S.R	-	52.3	5,887
818.3900	Commodities n.s.p.f. donated for relief or charity by individuals or private agencies.	Poland	3.4	50.4	9,289
182.9725	Wheat-flour soya blends donated for relief or charity.	do	-	48.1	1,690
464.7000	Linear alcohols, ethoxylated	China	13.1	44.8	1,103
130.6540	Wheat, unmilled, not donated for relief or charity.	U.S.S.R	31.7	43.5	875,191
300.1550	Other cotton having a staple length 1-1/8 inches or more.	China	58.6	42.3	61,038
818.3300	Medicinals and pharmaceuticals donated for relief or charity by individuals.	Poland	-	39.2	2,823
818.3400	All wearing apparel donated for relief or charity by individuals or government agencies and used wearing apparel donated for relief by government agencies.	do	4.5	37.6	2,137
338.2932	Woven fabrics wholly of polyester in continuous form.	China	-	37.1	1,727
444.1700	Polypropylene resins	do	9.0	35.7	29,715
310.0026	Continuous yarns, cellulosic fibers	do	32.9	33.5	2,698

1/ Only items which accounted for at least 1 million dollars' worth of exports in January-March 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-4.--U.S. imports of selected major commodities from the nonmarket economy countries (NME's), January-March 1981 and January-March 1982

Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's	
		Jan.-Mar. 1981	Jan.-Mar. 1982	Jan.-Mar. 1981	Jan.-Mar. 1982
		Percent		1,000 dollars	
Chromium scrap	China	2.8	11.4	203	275
Coal	Poland	7.2	-	1,439	-
Copper	U.S.S.R	.1	.5	353	1,164
Corn, unmilled	Romania	61.5	58.7	4,482	4,891
Feathers and downs	China	37.1	33.1	7,245	3,783
Fertilizers	U.S.S.R	7.9	9.9	28,777	34,351
Furniture, wooden	Romania	5.2	4.0	6,987	6,147
Glass and glass products	Romania	5.0	4.7	8,316	7,338
Macaroni	China	5.4	7.8	602	865
Metal coins	China	1.1	.1	3,730	366
Metal ores	do	.7	1.7	5,927	8,512
Nickel	U.S.S.R	2.5	2.7	7,145	6,196
Petroleum and natural gas	China	.5	.7	118,327	131,233
Precious metals	do	3.5	1.4	39,372	12,190
Gold bullion	do	4.6	.1	18,348	203
Silver bullion	China	.1	-	252	-
Platinum	U.S.S.R	6.9	10.1	12,531	10,733
Prepared pork	Hungary	49.7	16.1	48,924	10,578
Textiles	China	5.6	6.6	195,972	249,476
Footwear	do	2.5	2.5	21,094	22,091
Nonrubber footwear	Romania	3.4	2.8	15,351	16,594
Tin	China	2.2	17.4	4,228	16,828
Titanium	do	10.5	3.3	3,983	589
Tobacco	Bulgaria	3.7	2.8	5,614	3,739
Typewriters	Bulgaria	1.6	1.6	1,401	1,351

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table A-5.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by TSUSA items, January-March 1981 and January-March 1982 1/

TSUSA item No.	Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's in Jan.-Mar. 1982
			Jan.-Mar. 1981	Jan.-Mar. 1982	
			Percent		1,000 dollars
145.4880	Peanuts, shelled	China	32.8	100.0	1,271
690.1500	Railway cars, passenger	Romania	54.8	99.8	1,535
417.2800	Ammonium molybdate	China	100.0	99.1	2,456
422.4200	Tungsten compounds n.s.p.f	do	-	98.4	1,013
186.3000	Bristles, crude, or processed	do	94.6	97.2	2,183
222.5700	Floor coverings of unspun fibrous vegetable materials.	do	94.6	96.3	3,229
100.1100	Horses for breeding, male	U.S.S.R	-	93.8	1,242
678.3220	Machinery for assembly of electronic lamps and tubes.	Hungary	-	92.1	1,563
383.9220	Womens' manmade fiber dresses	China	-	87.9	1,172
326.3032	Other printcloth, not combed	do	58.9	85.7	1,377
533.6200	Chinaware, nonbone or sub-porcelain, household	do	64.4	82.7	2,758
366.2740	Cotton shop towels, not ornamented or jacquard-figured.	do	67.8	81.9	1,351
365.8670	Net or other ornamented tablecloths and napkins.	do	79.8	79.4	1,604
755.1500	Fireworks	do	71.5	79.3	7,944
124.1045	Sable furskins, whole, raw	U.S.S.R	74.2	79.0	2,748
308.0440	Other raw silk in skeins	China	71.1	77.7	1,713
692.0440	Motor buses, other (including diesel)	Hungary	71.4	76.4	3,418
192.4000	Licorice root	China	99.5	73.2	3,480
417.4000	Ammonium tungstate	do	5.4	71.3	2,413
606.3100	Printcloth shirting n.s.p.f	do	86.1	71.1	8,238

1/ Only items which accounted for at least 1 million dollars' worth of imports in January-March 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX B

LEADING U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET ECONOMY COUNTRIES

Table B-1.---Leading items exported to the nonmarket economy countries (NME'S) countries, 1/ by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
130.6540	Wheat, unmilled, not donated for relief	$875,190,539	$644,799,916	$2,096,129,638
130.3465	Yellow corn, not donated for relief	476,475,693	749,677,404	1,758,241,233
175.4100	Soybeans, n.e.s	241,135,217	83,958,095	187,760,527
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	76,738,640	210,356,931	280,324,394
184.5260	Soybean oilcake and meal	71,917,474	167,716,536	275,627,965
300.1550	Other cotton, staple length 1-1/8 inches or more	61,038,478	110,085,563	194,214,585
310.0010	Textured yarns, of polyester	46,368,050	30,625,389	151,369,584
309.4242	Polyester fibers, noncontinuous	44,067,265	48,211,226	282,074,784
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	38,810,514	-	168,898,030
480.8005	Diammonium phosphate fertilizer	34,161,192	24,830,402	76,411,407
444.1700	Thermoplastic resins; polypropylene resins	29,715,246	5,745,652	33,772,457
433.1035	Compound catalysts, n.e.s	25,050,275	1,182,799	7,339,750
200.3510	Douglas-fir logs and timber, rough	23,865,487	10,403,991	63,977,845
176.5400	Sunflower seed oil	22,678,186	-	-
444.1610	Polyethylene resins, low and medium density	19,236,726	248,835	15,801,572
120.1400	Cattle hides, whole	18,704,841	18,210,506	45,246,097
177.5640	Tallow, inedible	17,001,992	30,425,306	57,287,050
121.0530	Bovine leather, rough, russet, and crust, wet blue, split	16,866,472	1,193,834	17,455,487
664.0584	Parts, n.e.s., of oil and gas field drilling machines	16,522,363	16,507,193	37,511,434
601.2200	Copper ore	13,457,780	-	24,975,063
	Total	2,169,002,430	2,154,179,578	5,777,420,902
	Total, U.S. exports to the NME'S	2,519,094,324	2,754,113,743	7,943,245,726

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, U.S.S.R., and Vietnam.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-2.---Leading items imported from the nonmarket economy countries (NME'S) countries, 1/ by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
475.2520	Gasoline	$83,513,271	$22,304,576	$348,985,851
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	44,203,286	-	-
480.6540	Anhydrous ammonia	25,404,208	27,953,992	78,413,750
622.0200	Tin, other than alloyed, unwrought	16,828,009	4,228,404	22,262,960
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	13,462,768	14,674,043	54,280,199
107.3525	Canned hams and shoulders, 3 pounds and over	9,503,756	46,157,252	127,271,207
156.3000	Cocoa butter	8,980,179	71,110	1,670,800
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	8,327,755	9,904,068	29,686,061
755.1500	Fireworks	7,944,367	5,739,900	24,323,907
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	6,998,532	1,442,969	16,798,551
605.0260	Palladium	6,900,587	10,492,041	31,264,641
383.9050	Women's coats, n.e.s., 3/4 length or longer	6,851,984	-	2/
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	6,471,363	2,628,548	10,320,323
620.0300	Nickel, unwrought	6,196,008	7,144,848	37,775,824
472.1000	Barytes ore, crude	6,047,886	5,147,829	27,431,332
110.4740	Pollock blocks, frozen, over 10 pounds	5,777,167	1,358,755	9,958,825
480.3000	Urea, n.e.s	5,691,412	-	2,892,500
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	5,445,754	4,919,987	15,068,203
601.5400	Tungsten ore	5,075,920	3,298,863	20,674,391
130.3000	Seed corn or maize, certified	4,890,893	4,481,618	4,506,767
	Total	284,515,105	171,948,803	863,586,092
	Total, U.S. imports from the NME'S	782,230,849	793,174,528	3,379,653,435

1/ Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, U.S.S.R., and Vietnam.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8159.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-3.---Leading items exported to China, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March--		1981
		1982	1981	
130.6540	Wheat, unmilled, not donated for relief	$274,435,030	$352,517,387	$1,268,977,341
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	76,738,640	204,995,360	270,250,482
300.1550	Other cotton, staple length 1-1/8 inches or more	61,038,478	108,234,971	192,363,993
175.4100	Soybeans, n.e.s	47,301,013	49,628,925	129,708,438
310.0010	Textured yarns, of polyester	46,368,050	30,625,389	151,369,584
309.4242	Polyester fibers, noncontinuous	43,912,576	47,935,117	281,798,675
130.3465	Yellow corn, not donated for relief	39,962,337	15,284,093	62,461,114
444.1700	Thermoplastic resins; polypropylene resins	29,715,246	5,745,652	33,771,417
480.8005	Diammonium phosphate fertilizer	29,046,460	24,830,402	76,411,407
200.3510	Douglas-fir logs and timber, rough	23,865,487	10,403,991	63,977,845
433.1035	Compound catalysts, n.e.s	23,640,139	-	5,375,709
444.1610	Polyethylene resins, low and medium density	19,236,726	248,835	18,800,682
121.0530	Bovine leather, rough, russet, and crust, wet blue, split	16,866,472	798,754	17,060,407
664.0584	Parts, n.e.s., of oil and gas field drilling machines	15,208,265	15,461,020	28,071,072
480.3000	Urea	13,441,897	2,975,170	18,954,982
200.3514	Western hemlock logs, timber	7,437,935	5,259,893	17,628,975
444.1620	Polyethylene resins, high density	6,998,410	1,024,164	19,572,012
444.1500	Polyester resins, saturated	5,731,564	-	16,465,345
678.5002	Oil and gas field wire line and downhold equipment and parts thereof	4,291,944	627,396	794,224
433.1016	Tetraethyl lead preparations	4,147,775	1,629,677	9,114,192
	Total	789,384,444	878,226,196	2,682,927,896
	Total, U.S. exports to China	904,515,802	1,183,152,166	3,598,600,792

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-4.---Leading items imported from China, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
475.2520	Gasoline	$66,556,070	$22,304,576	$258,744,443
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	44,203,286	-	-
622.0200	Tin, other than alloyed, unwrought	16,828,009	4,228,404	22,262,960
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	12,629,045	12,061,052	47,159,553
156.3500	Cocoa butter	8,980,179	71,110	1,670,800
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	8,327,755	9,904,068	29,686,061
755.1500	Fireworks	7,944,367	5,739,900	24,323,907
383.9050	Women's coats, n.e.s., 3/4 length or longer	6,597,566	-	1/
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	6,319,917	1,393,337	6,654,621
472.1000	Barytes ore, crude	6,047,886	5,147,829	27,431,332
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	5,445,754	4,919,987	15,068,203
601.5400	Tungsten ore	5,075,920	3,298,863	20,674,391
521.1710	Bauxite, calcined, refractory grade	4,444,145	4,574,042	9,509,613
222.4000	Baskets and bags of bamboo	4,431,090	4,335,754	17,861,516
144.2053	Straw mushrooms in containers each holding more than 9 ounces	3,904,763	1,285,276	15,195,185
379.9550	Men's sport shirts, not knit, manmade fibers	3,805,103	-	2/
475.3500	Naphthas, derived from petroleum, etc., n.e.s	3,516,134	1,967,245	36,670,080
192.4000	Licorice root	3,479,833	3,154,516	3,202,350
383.9065	Women's shorts, not knit, manmade fibers	3,271,275	-	3/
379.4050	Men's shirts, n.e.s., knit, cotton	3,232,250	-	4/
	Total	225,040,347	84,385,959	536,115,015
	Total, U.S. imports from China	519,980,223	359,786,330	1,830,027,004

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8159.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.8441.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 383.8182.
4/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.0652.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-5.---Leading items exported to the U.S.S.R., by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
130.6540	Wheat, unmilled, not donated for relief	$595,026,403	$276,346,434	$772,563,226
130.3465	Yellow corn, not donated for relief	327,061,249	360,567,267	781,675,441
175.4100	Soybeans, n.e.s	163,903,924	-	8,432,000
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	38,810,514	-	168,898,030
176.5400	Sunflower seed oil	22,678,186	-	-
601.2200	Copper ore	13,457,780	-	24,975,063
177.5640	Tallow, inedible	12,722,940	28,565,614	48,508,766
517.5120	Petroleum coke, calcined	10,359,617	12,275,049	33,055,016
692.3820	Parts of tracklaying tractors, n.s.p.f	8,208,073	21,585,482	48,537,702
790.5510	Pressure-sensitive tape, with plastic backing	6,897,318	3,296,168	19,691,851
145.4300	Shelled almonds, not blanched	6,142,550	13,425,565	16,003,365
475.4555	Insulating or transformer oils	5,886,750	-	16,138,998
446.1521	Neoprene rubber	3,790,101	-	6,220,364
660.5440	Parts of tractor engines	3,785,867	2,403,107	8,274,989
415.4500	Sulfur, native elemental or recovered	3,522,653	-	-
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	3,369,038	4,837,105	35,386,633
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	2,786,990	1,441,476	4,074,228
678.5002	Oil and gas field wire line and downhold equipment and parts thereof	2,550,162	-	2,282,857
475.4580	Lubricating oils, n.s.p.f., except white mineral oils	2,170,986	11,987,398	12,001,620
790.4600	Sausage casings, n.s.p.f	2,116,588	-	1,399,358
	Total	1,235,247,689	736,730,665	2,008,119,507
	Total, U.S. exports to the U.S.S.R.	1,266,411,186	801,149,162	2,429,711,166

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-6.---Leading items imported from the U.S.S.R., by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
480.6540	Anhydrous ammonia	$25,404,208	$27,953,992	$78,413,750
605.0260	Palladium	6,900,587	10,492,041	31,142,395
620.0300	Nickel, unwrought	6,196,008	7,144,848	37,775,824
480.3000	Urea, n.e.s	3,931,412	-	-
124.1045	Sable furskins, whole, undressed	2,748,150	3,240,280	8,119,886
605.0290	Platinum group metals and combinations, n.e.s	1,402,128	499,677	6,397,167
605.0220	Platinum sponge	1,335,229	601,204	4,625,530
100.0110	Horses, male, for breeding	1,242,000	-	-
169.3800	Vodka, in containers holding not over 1 gallon, valued over $7.75 per gallon	1,146,641	1,186,596	5,798,505
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	1,023,417	1,124,032	2,456,132
612.0640	Copper, unwrought, not alloyed, n.e.s	1,012,484	-	-
480.5000	Potassium chloride, crude	993,000	-	-
240.1440	Plywood, with face ply of birch, not face finished	728,349	552,357	3,209,310
270.2580	Books, n.s.p.f., by foreign authors	672,603	89,274	169,424
605.0270	Rhodium	664,679	937,797	3,475,170
605.0710	Platinum bars, plates, etc	624,393	170,015	1,413,069
605.0750	Palladium bars, plates, etc	544,136	1,782,097	2,814,968
629.1200	Titanium waste and scrap, unwrought	515,829	465,426	1,052,855
245.2020	Hardboard valued over $96.66-2/3 per short ton, other	442,389	87,324	1,977,160
124.1025	Mink furskins, except "Japanese mink," undressed	329,080	-	-
	Total	57,856,722	56,326,960	188,841,145
	Total, U.S. imports from the U.S.S.R.	61,028,077	149,665,826	356,961,182

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-7.---Leading items exported to Eastern Europe, 1/ by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
130.3465	Yellow corn, not donated for relief	$109,452,107	$373,826,044	$914,104,678
184.5260	Soybean oilcake and meal	71,917,474	167,716,536	275,627,965
175.4100	Soybeans, n.e.s	29,930,280	34,329,170	49,620,089
120.1400	Cattle hides, whole	15,900,066	16,426,951	39,027,090
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	7,450,683	83,139	4,511,923
521.3110	Low volatile bituminous coal	7,241,182	6,997,739	15,398,695
130.6540	Wheat, unmilled, not donated for relief	5,729,106	15,936,095	54,589,071
480.8005	Diammonium phosphate fertilizer	5,114,732	-	-
521.3120	Bituminous coal, n.e.s	4,673,504	8,871,003	25,549,303
818.3900	Products, n.e.s., donated for relief	4,449,102	228,302	4,607,853
486.2900	Insecticides, unmixed, n.e.s	3,110,074	3,000,715	3,581,890
417.7100	Barium compounds	2,938,182	-	-
818.3300	Medicine, etc., donated for relief	2,630,436	-	414,986
177.5640	Tallow, inedible	2,541,552	1,859,692	7,035,535
404.0580	Hydrocarbons, except derivatives, n.e.s	2,287,037	-	-
818.3400	Apparel, donated for relief	2,119,058	248,200	1,949,622
480.7050	Concentrated superphosphates	2,099,029	8,576,956	37,149,876
176.5260	Soybean oil, donated for relief or charity	2,061,904	-	-
182.9715	Corn-soya-milk blends, donated for relief or charity	2,056,255	-	-
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	1,938,274	1,039,562	4,462,388
	Total	285,640,042	639,140,104	1,437,630,964
	Total, U.S. exports to Eastern Europe	341,825,412	769,730,435	1,898,028,635

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-8.—Leading items imported from Eastern Europe, 1/ by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March— 1982	January-March— 1981	1981
475.2520	Gasoline	$16,957,201	-	$90,241,408
107.3525	Canned hams and shoulders, 3 pounds and over	9,503,756	46,157,252	127,271,207
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	6,998,532	1,442,969	16,798,551
110.4740	Pollock blocks, frozen, over 10 pounds	5,777,167	1,325,983	9,926,053
130.3000	Seed corn or maize, certified	4,890,893	4,481,618	4,506,767
692.3460	Parts for agricultural tractors	4,390,993	3,451,732	10,717,598
692.3288	Parts for motor vehicles, n.e.s	4,248,199	8,091,754	21,079,004
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	4,211,319	1,361,282	10,754,374
192.2520	Hops, not in pellets	4,142,761	-	-
862.1000	Articles for exhibition, for encouragement of agriculture, art, etc	4,000,000	-	-
383.3415	Women's cotton raincoats, n.e.s.,3/4 length or longer	3,722,576	-	2/
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	3,615,309	4,426,064	18,391,090
692.0440	Motor buses, other (including diesel)	3,418,080	1,344,215	10,049,089
686.9030	Other lamps, including standard household	3,099,153	2,073,730	9,329,628
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	2,962,034	-	3/ -
610.3920	Oil well casing, other than alloy steel, not advanced	2,627,940	2,052,260	14,945,971
690.3560	Parts of cars, other	2,512,490	3,328,514	9,248,549
379.8355	Men's wool suits, not knit, not ornamented	2,415,287	-	4/
727.3540	Furniture, of wood, n.s.p.f	2,344,633	2,548,935	10,380,758
480.5000	Potassium chloride, crude	2,262,329	823,200	4,149,818
	Total 5/	94,100,652	82,909,508	367,789,865
	Total, U.S. imports from Eastern Europe	198,895,641	281,310,593	1,184,865,425

1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.1223.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 610.4920.
4/ Prior to Jan. 1, 1982, this item was classified under the now-deleted items 380.6653 and 380.6654.
5/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-9.---Leading items exported to Romania, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
175.4100	Soybeans, n.e.s	$27,120,486	$9,579,734	$17,916,318
184.5260	Soybean oilcake and meal	14,257,920	51,130,217	86,697,465
120.1400	Cattle hides, whole	11,822,748	11,040,253	22,047,518
521.3110	Low volatile bituminous coal	7,241,182	6,997,739	15,398,695
521.3120	Bituminous coal, n.e.s	4,673,504	8,871,003	25,549,303
417.7100	Barium compounds	2,938,182	-	-
404.0580	Hydrocarbons, except derivatives, n.e.s	2,287,037	-	-
486.2900	Insecticides, unmixed, n.e.s	2,268,000	2,716,225	2,716,225
130.3465	Yellow corn, not donated for relief	2,094,488	74,873,383	226,078,974
678.3560	Parts of molding or forming machines, for rubber or plastic articles,	1,640,000	2,000	3,793
433.1035	Compound catalysts, n.e.s	1,296,578	-	408,019
664.0584	Parts, n.e.s., of oil and gas field drilling machines	1,021,076	66,806	470,399
661.1288	Parts, refrigeration and air-conditioning compressors, other	897,000	24,638	50,936
674.3531	Sharpening machines	831,916	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	776,000	-	1,903,419
676.5560	Parts for automatic data processing machines and units, n.s.p.f	683,256	658,289	3,785,679
130.3440	Corn seed, except sweet, not donated for relief	675,234	798,157	798,157
182.9752	Vegetable protein isolates	587,812	-	1,017,064
710.2820	Geophysical instruments and parts, electrical	542,392	52,828	376,934
446.1521	Neoprene rubber	542,080	-	1,040,247
	Total	84,196,891	166,811,272	406,259,145
	Total, U.S. exports to Romania	91,122,920	191,525,720	503,889,756

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-10.--Leading items imported from Romania, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
475.2520	Gasoline	$16,957,201	-	$90,241,408
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	6,671,170	1,442,969	15,002,428
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	4,095,814	1,361,282	10,535,975
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	2,962,034	-	1/ -
130.3000	Seed corn or maize, certified	2,614,863	3,218,354	3,243,503
690.3560	Parts of cars, other	2,512,490	3,328,514	9,248,549
107.3525	Canned hams and shoulders, 3 pounds and over	2,482,111	4,179,333	13,932,873
727.3540	Furniture, of wood, n.s.p.f	2,158,676	2,080,917	9,092,317
383.3415	Women's cotton raincoats, n.e.s.,3/4 length or longer	1,805,607	-	2/
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	1,590,609	10,913	1,207,055
690.1500	Passenger, baggage, etc., railroad cars, not self-propelled	1,534,632	2,061,504	12,649,233
700.3515	Men's and boys' athletic footwear, of leather, n.e.s	1,422,793	565,472	2,775,065
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	1,327,948	15,595,245	87,785,660
680.3932	Tapered roller bearings, cup and cone assemblies	1,069,573	252,174	1,266,474
379.9565	Men's suits, n.e.s., manmade fibers	1,065,520	-	3/
660.9756	Reciprocating pumps, other, except parts	1,014,021	1,571,510	17,919,863
680.3712	Ball bearings, radial ball bearings, outside diameter over 30-mm but not over 52-mm	961,173	1,013,545	4,562,962
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	959,191	256,356	1,388,253
618.2565	Aluminum sheets and strip, not clad, wrought	951,447	270,224	4,673,571
700.3550	Men's footwear, of leather, n.e.s., cement soles	938,463	1,712,422	8,482,319
	Total 4/	55,095,336	38,920,734	294,007,508
	Total, U.S. imports from Romania	87,407,534	107,107,371	559,448,601

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 610.4920.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.1223.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.8452.
4/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-11.—Leading items exported to East Germany, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March— 1982	January-March— 1981	1981
130.3465	Yellow corn, not donated for relief	$83,065,925	$76,387,405	$184,175,370
184.5260	Soybean oilcake and meal	27,537,098	37,499,500	58,405,000
130.6540	Wheat, unmilled, not donated for relief	5,729,106	15,936,095	28,000,835
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	1,287,934	57,136	447,334
712.5040	Tesing apparatus for electrical instruments	481,185	-	4,149
480.4500	Phosphates, crude, and apatite	453,945	-	-
207.0035	Wooden pencil slats	286,653	-	-
818.9000	General merchandise, valued not over $500	185,567	336,082	694,205
724.4535	Tape for video or video and audio recording	176,241	13,585	226,891
170.6500	Cigarettes	126,490	-	-
676.5560	Parts for automatic data processing machines and units, n.s.p.f	73,882	4,454	111,197
309.3255	Grouped filaments and strips	55,192	-	156,464
433.1044	Fuel oil additive preparations, n.s.p.f	54,922	-	116,282
355.0740	Paddings, waddings, and upholstery fillings, of manmade fibers, other	54,162	618,323	1,125,544
709.0900	Bougies, catheters, drains, and sondes	43,349	-	-
676.3026	Electrostatic copying machines, direct process	41,612	-	-
438.1030	Blood plasma, human	35,845	-	-
446.1561	Synthetic rubber, not containing fillers, etc	31,208	-	121,458
423.1090	Inorganic compounds, other	30,520	-	28,890
438.3100	Vaccines, toxoids, and other antigens, for veterinary use	30,355	-	638
	Total	119,781,191	130,852,580	273,614,257
	Total, U.S. exports to East Germany	120,242,044	133,493,758	295,557,277

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table E-12.--Leading items imported from East Germany, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
480.5000	Potassium chloride, crude	$2,262,329	$823,200	$4,149,818
480.3000	Urea, n.e.s	1,760,000	-	-
772.5109	Passenger car tires, radial	1,177,270	-	-
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	864,706	2,336,563	6,417,522
124.1025	Mink furskins, except "Japanese mink," undressed	794,120	98,523	446,683
678.5085	Combination machines containing tape players, other	670,826	30,571	135,986
494.2000	Montan wax	630,468	200,574	1,195,123
668.2345	Printing presses, not letter or offset	602,286	10,075	263,113
772.5112	Passenger car tires other than radial	488,378	-	-
121.5000	Pig and hog leather	458,911	511,200	1,396,113
546.6840	Tableware, kitchen ware, and cooking ware, valued over $5 each	385,461	210,672	875,412
668.5060	Parts of printing presses	276,196	192,353	916,321
546.2020	Tumblers, goblets, and other stemware	262,453	8,904	201,588
772.5138	Truck and bus tires, other than radial	248,534	-	1/
546.6040	Tableware, etc., valued over $0.30 but not over $3	206,094	180,051	726,117
772.5136	Truck and bus tires, radial	161,307	-	2/
534.1100	Ceramic statues, etc., valued over $2.50 each	144,364	208,391	609,111
999.9500	Formal and informal entries, $250 and under, estimated	134,900	42,000	86,600
708.7600	Compound optical microscopes, other	123,004	62,583	287,180
748.2100	Artificial flowers, etc., n.e.s	114,580	119,319	408,884
	Total 3/	11,766,187	5,034,979	18,115,571
	Total, U.S. imports from East Germany	14,943,016	11,252,227	44,702,480

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 772.5115.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 772.5115.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-13.--Leading items exported to Poland, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	$7,450,688	$83,139	$4,511,923
818.3900	Products, n.e.s., donated for relief	4,449,102	228,302	4,601,110
818.3300	Medicine, etc., donated for relief	2,630,436	-	414,936
177.2640	Tallow, inedible	2,541,552	1,859,692	7,031,705
818.3400	Apparel, donated for relief	2,115,408	245,750	1,933,302
176.5260	Soybean oil, donated for relief or charity	2,061,904	-	-
182.9715	Corn-soya-milk blends, donated for relief or charity	2,056,255	-	-
120.1400	Cattle hides, whole	1,914,819	1,519,690	5,484,581
116.0100	Butter	1,726,379	-	44,485,944
182.9725	Wheat-soya-milk blends, donated for relief or charity	1,690,269	-	24,187
115.5700	Nonfat dry milk, containing not over 3 percent of butterfat, other	1,295,281	-	12,401,473
117.8600	Cheeses, except Chedlar and other American-type cheeses	937,852	-	-
792.1020	Unfilled gelatin capsules	828,535	-	660,040
115.5020	Nonfat dry milk, donated for relief or charity	590,218	-	2,125,388
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	580,719	372,939	513,044
692.3820	Parts of tracklaying tractors, n.s.p.f	534,744	2,469,161	6,379,422
131.4030	Wheat flour, n.e.s., donated for relief or charity	522,090	-	114,986
131.3010	Rice, donated for relief or charity	377,901	-	-
676.5560	Parts for automatic data processing machines and units, n.s.p.f	358,133	154,606	248,878
178.1120	Vegetable salad and cooking oil, partially hydrogenated, donated for relief or charity	334,038	-	-
	Total	34,996,323	6,933,279	90,930,965
	Total, U.S. exports to Poland	38,997,473	304,739,786	680,546,781

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-14.--Leading items imported from Poland, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
110.4740	Pollock blocks, frozen, over 10 pounds	$5,777,167	$1,245,703	$9,800,790
862.1000	Articles for exhibition, for encouragement of agriculture, art, etc	4,000,000	-	-
107.3525	Canned hams and shoulders, 3 pounds and over	2,643,559	32,877,954	86,298,698
383.3415	Women's cotton raincoats, n.e.s.,3/4 length or longer	1,916,969	-	1/
192.2520	Hops, not in pellets	1,264,580	-	-
379.8355	Men's wool suits, not knit, not ornamented	1,232,121	-	2/
660.9200	Fuel injection pumps	842,306	489,688	2,269,590
336.6249	Worsteds, valued over $2 but not over $9 per pound	838,603	-	3/
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	808,139	1,939,176	8,374,515
709.4500	Artificial respiration appliances, including gas masks and similar respirators	728,879	2,614	7,972
674.3223	Combination boring, drilling, and milling machines, other	674,686	351,020	1,292,162
700.3550	Men's footwear, of leather, n.e.s., cement soles	482,898	2,465,167	5,661,132
674.3512	Machine tools, metal-cutting, engine or toolroom	477,489	1,756,615	8,446,352
607.6615	Sheets, of iron or steel, not shaped, not pickled or cold-rolled, n.e.s	474,770	12,797,348	36,656,416
646.2622	Brads, nails, etc., of iron or steel, smooth shank, 1 inch or more in length, uncoated	473,587	1,136,314	5,469,285
626.0200	Zinc, not alloyed, unwrought	450,040	-	572,997
672.1620	Sewing machines, other	448,684	1,660,390	5,670,279
411.8000	Sulfathiozole and sodium sulfathiazole	360,420	129,324	806,342
680.3712	Ball bearings, radial ball bearings, outside diameter over 30-mm but not over 52-mm	341,924	570,470	1,529,012
383.9035	Women's raincoats, 3/4 length or longer, manmade fibers	327,432	-	-
	Total 4/	24,564,253	57,421,783	172,855,542
	Total, U.S. imports from Poland	36,092,568	103,251,633	359,938,824

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.1223.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted items 380.6653 and 380.6654.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 336.6049.
4/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-15.—Leading items exported to Hungary, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March— 1982	January-March— 1981	1981
480.8005	Diammonium phosphate fertilizer	$5,114,732	-	-
480.7050	Concentrated superphosphates	2,099,029	4,142,153	7,277,790
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	1,534,464	1,015,991	4,270,810
120.1400	Cattle hides, whole	999,178	858,219	2,953,704
692.2926	Brake linings and disc brake pads for automobiles and trucks	794,457	6,576	615,049
692.1680	Special-purpose vehicles, nonmilitary, n.s.p.f	677,487	-	1,200,000
688.4060	Electrical articles and parts, n.s.p.f	539,698	132,549	658,147
540.4200	Glass rods, tubes, and tubing	480,875	773,172	2,403,964
123.0000	Sheep, etc., furskins, whole, undressed	471,275	-	-
310.0009	Textured yarns, of nylon, 1,000 and over	446,326	-	422,352
660.4872	Gasoline engines, not automobile or marine, under 6 brake horsepower	413,904	258,869	1,072,741
401.0500	Nitrogen-containing compounds including acridine, carbazole, collidines, indole, lutidines, picolines, and pyridine	335,364	-	150,100
712.5040	Tesing apparatus for electrical instruments	324,098	5,105	141,078
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	316,638	733,177	1,074,495
792.1020	Unfilled gelatin capsules	282,133	-	-
182.9752	Vegetable protein isolates	207,988	60,358	602,239
345.1040	Knit fabrics, cotton, n.e.s	196,040	117,698	410,826
106.9200	Swine, livers	181,059	-	226,442
126.0900	Bluegrass seeds	178,567	154,026	204,566
676.5560	Parts for automatic data processing machines and units, n.s.p.f	177,743	87,785	709,485
	Total	15,771,055	8,345,678	24,393,788
	Total, U.S. exports to Hungary	21,629,952	24,027,502	77,511,000

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-16.--Leading items imported from Hungary, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
692.3288	Parts for motor vehicles, n.e.s	$4,227,287	$7,935,876	$20,788,310
692.3460	Parts for agricultural tractors	3,926,484	2,810,325	9,091,454
692.0440	Motor buses, other (including diesel)	3,418,080	1,344,215	10,049,089
107.3525	Canned hams and shoulders, 3 pounds and over	3,233,191	7,842,357	22,218,641
686.9030	Other lamps, including standard household	3,099,153	1,965,001	8,744,803
130.3000	Seed corn or maize, certified	2,276,030	1,263,264	1,263,264
678.3220	Machines for assembling electric filament and discharge lamps, n.e.s	1,562,892	-	956,117
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	1,345,786	1,313,060	7,376,165
700.4560	Women's footwear, of leather, n.e.s., valued over $2.50 per pair	957,123	13,173	264,100
618.2565	Aluminum sheets and strip, not clad, wrought	785,158	-	435,419
161.7100	Paprika, ground or unground	620,607	585,701	1,140,360
674.3211	Boring, drilling, and milling machines, other	450,439	-	-
680.3717	Ball bearings over 52-mm but not over 100-mm	401,590	8,747	14,097
411.2400	Sulfamethazine	386,689	262,491	650,765
167.3020	Wine, not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	356,850	216,477	348,698
379.8355	Men's wool suits, not knit, not ornamented	342,280	-	1/
676.0560	Typewriters, nonelectric, nonautomatic	341,524	359,135	1,188,062
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	288,070	306,308	1,029,395
379.4640	Men's sportcoats and jackets, n.e.s., cotton	268,820	-	2/
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	259,215	353,373	1,346,790
	Total	28,527,268	26,579,503	86,905,529
	Total, U.S. imports from Hungary	36,175,124	35,527,497	127,939,171

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted items 380.6653 and 380.6654.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.1265.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-17.—Leading items exported to Czechoslovakia, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March— 1982	January-March— 1981	1981
184.5260	Soybean oilcake and meal	$13,051,565	$4,849,530	$4,849,530
130.3465	Yellow corn, not donated for relief	10,332,847	27,164,911	40,782,124
175.4100	Soybeans, n.e.s	2,809,794	-	-
120.1400	Cattle hides, whole	1,163,321	3,008,789	8,541,287
486.2900	Insecticides, unmixed, n.e.s	699,426	186,990	573,165
670.1220	Textile machines, reeling or winding	689,840	585,259	1,960,661
381.1520	Men's and boys' denim slacks, of cotton, not knit	508,236	126,225	477,055
207.0035	Wooden pencil slats	380,339	406,567	1,402,152
660.4965	Gas turbines, for mechanical drives	249,469	-	-
124.1527	Muskrat furskins, whole, undressed	230,100	215,000	1,138,090
310.0026	Yarns of cellulosic fibers, other	215,413	209,982	597,552
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	120,709	20,810	339,539
678.3514	Machines used for forming pneumatic tires, n.e.s	116,100	-	-
818.9000	General merchandise, valued not over $500	114,726	303,286	486,701
433.1035	Compound catalysts, n.e.s	113,558	144,848	224,743
540.4200	Glass rods, tubes, and tubing	103,153	-	472,831
771.5200	Plastic or rubber films, strips, or sheets, n.e.s	93,286	3,203	44,279
130.3440	Corn seed, except sweet, not donated for relief	89,265	83,342	86,987
712.1560	Radiation-measuring and radiation-detecting instruments, parts, n.s.p.f	85,582	-	9,279
723.1590	Film, n.e.s	80,000	-	-
	Total	31,246,729	37,308,742	61,985,975
	Total, U.S. exports to Czechoslovakia	32,530,487	42,358,480	82,419,872

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-18.--Leading items imported from Czechoslovakia, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
192.2520	Hops, not in pellets:	$2,878,181		1/
610.3920	Oil well casing, other than alloy steel, not advanced	2,507,424	1,564,503	6,523,816
107.3525	Canned hams and shoulders, 3 pounds and over	1,144,895	1,157,200	4,720,587
700.2940	Welt work footwear, of leather, valued over $6.80 per pair	982,149	1,019,648	4,281,404
700.3550	Men's footwear, of leather, n.e.s., cement soles	758,405	467,508	2,278,031
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	479,489	257,273	928,600
336.6241	Woven fabrics of wool, not over 10 ounces per square yard	454,531	-	2/
670.1600	Circular knitting machines for hosiery	369,391	7,311	185,846
700.3515	Men's and boys' athletic footwear, of leather, n.e.s	348,857	-	288,413
674.3512	Machine tools, metal-cutting, engine or toolroom	342,383	336,899	858,727
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	328,345	290,927	1,509,635
401.7600	Xylenols	327,679	-	-
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	327,362	-	1,796,123
186.1565	Downs, not meeting Federal standards	308,561	-	423,772
437.3000	Antibiotics, natural and not artificially mixed	294,002	407,372	1,056,979
670.7430	Parts of power-driven weaving machines	285,199	152,195	575,959
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	242,636	103,471	1,393,852
727.1500	Furniture and parts, of bentwood	237,208	239,966	938,895
741.3000	Beads, bugles, and spangles, n.e.s	236,388	133,180	774,859
741.3500	Imitation gemstones, except imitation gemstone beads	233,044	249,142	885,577
	Total 3/	13,086,129	6,386,595	29,421,075
	Total, U.S. imports from Czechoslovakia	18,054,996	17,551,507	67,232,118

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 192.2500.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 336.6041.

3/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-19.--Leading items exported to Bulgaria, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March--		1981
		1982	1981	
184.5260	Soybean oilcake and meal	$17,070,891	$12,395,053	$52,136,264
130.3465	Yellow corn, not donated for relief	13,958,847	43,123,171	127,714,564
415.4500	Sulfur, native elemental or recovered	1,228,605	1,774,511	1,774,511
250.0284	Wood pulp, special alpha and dissolving grades	779,048	575,719	575,719
792.1020	Unfilled gelatin capsules	475,975	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	361,885	-	524,061
170.3320	Flue-cured cigarette filler tobacco, stemmed	350,945	1,053,484	6,808,728
664.0533	Excavators, crawler mounted, hydraulic, new	288,935	-	-
668.0220	Machines for making rigid containers from pulp and paper products	273,703	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	264,989	22,732	31,945
678.4525	Tobacco processing machines, other, and parts thereof	258,000	-	-
712.5005	Electrical measuring apparatus for internal combustion engines	203,440	-	-
660.2400	Gas generators and parts	163,800	-	-
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	128,687	4,694	669,670
678.3545	Machines used for molding or otherwise forming rubber or plastic articles, n.e.s	117,542	-	37,000
712.5025	Frequency-testing apparatus, and parts	116,954	-	484,544
678.5002	Oil and gas field wire line and downhold equipment and parts thereof	113,481	-	-
687.6047	Microprocessors, n.e.s	109,000	24,741	173,588
170.5100	Unmanufactured tobacco, n.s.p.f	101,530	135,383	307,124
676.5560	Parts for automatic data processing machines and units, n.s.p.f	66,689	18,759	313,160
	Total	36,432,946	59,128,247	191,550,878
	Total, U.S. exports to Bulgaria	37,302,536	73,585,189	258,103,949

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-20.--Leading items imported from Bulgaria, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	$3,615,309	$4,411,914	$18,207,934
676.0530	Typewriters, nonelectric, nonautomatic, portable	922,583	565,965	1,838,821
452.6000	Rose oil or attar of roses	465,961	61,511	595,346
117.6700	Pecorino cheese, not for grating	456,680	363,698	1,744,537
167.3020	Wine, not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	304,175	138,789	545,037
674.3512	Machine tools, metal-cutting, engine or toolroom	168,183	389,201	845,404
439.1090	Natural drugs, n.e.s., crude	119,901	72,987	194,669
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	33,863	-	7,000
161.5500	Mint leaves, crude or not manufactured	22,571	-	48,364
999.9500	Formal and informal entries, $250 and under, estimated	20,000	-	-
161.7100	Paprika, ground or unground	19,035	69,291	91,266
674.3227	Machine tools for drilling, other, valued under $2,500 each	15,600	1,629	1,629
687.8700	Transistors and other electronic crystal components, n.e.s	14,195	-	1/
437.3250	Antibiotics, other	10,100	-	-
632.4300	Silicon, over 99.7 percent silicon	8,000	-	-
412.2200	Analgesics, other	7,062	-	11,292
724.1045	Motion-picture film, n.e.s., positive release prints	4,750	-	-
725.0400	Stringed musical instruments, including violins, violas, violoncellas, and double basses	3,350	-	-
664.1044	Hoists	3,149	-	8,238
851.1000	Photographic films, etc., for public institutions, etc	3,000	-	10,053
	Total	6,217,467	6,074,985	24,149,590
	Total, U.S. imports from Bulgaria	6,222,403	6,620,358	25,604,231

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 687.8600.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-21.—Leading items exported to Vietnam, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March— 1982	January-March— 1981	1981
818.3900	Products, n.e.s., donated for relief	$4,659,916	$1,320	$7,235,727
818.9000	General merchandise, valued not over $500	1,175,599	1,622	1,484,765
818.3300	Medicine, etc., donated for relief	26,564	-	272,836
818.3400	Apparel, donated for relief	18,400	-	551,962
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f	15,200	-	5,880
547.6020	Laboratory glassware, whether or not graduated or calibrated	1,505	-	-
709.1200	Blood pressure apparatus, and parts thereof	702	-	-
	Total	5,897,886	2,942	9,551,170
	Total, U.S. exports to Vietnam	5,897,886	2,942	10,134,825

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-22.--Leading items imported from Vietnam, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
653.2200	Metal coins, n.e.s	-	$2,665	$2,665
	Total	-	2,665	2,665
	Total, U.S. imports from Vietnam	-	85,428	96,101

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-23.--Leading items exported to Mongolia, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
660.9470	Turbine pumps	$28,900	-	-
818.3900	Products, n.e.s., donated for relief	9,059	1,388	7,413
547.6020	Laboratory glassware, whether or not graduated or calibrated	3,870	-	11,501
709.3000	Medical, dental, surgical, and veterinary instruments, n.s.p.f	2,039	-	-
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	578	-	949
	Total	44,446	1,388	19,863
	Total, U.S. exports to Mongolia	44,446	14,883	74,742

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-24.--Leading items imported from Mongolia, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
306.6200	Cashmere goat hair, sorted, etc	$546,124	$209,077	$952,022
306.4192	Camel hair, not sorted, etc	357,655	-	384,000
306.4293	Camel hair, sorted, etc	355,199	997,561	2,184,090
306.6100	Cashmere goat hair, not sorted, etc	287,167	-	-
	Total	1,546,145	1,206,638	3,520,112
	Total, U.S. imports from Mongolia	1,546,145	1,206,638	3,635,223

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-25.--Leading items exported to Albania, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March-- 1982	January-March-- 1981	1981
309.3270	Grouped filaments and strips, n.e.s	$227,552	-	$443,823
661.3510	Household refrigerators and refrigerator-freezers, under 13.5 cubic feet	625	-	1,005
684.3035	Cooking stoves and ranges, and parts, household, not microwave	520	-	-
	Total	228,697	-	444,828
	Total, U.S. exports to Albania	228,697	49,338	6,137,384

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-26.--Leading items imported from Albania, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March-- 1982	January-March-- 1981	1981
161.9400	Sage, unground	$456,166	$798,210	$2,608,025
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	289,432	167,330	958,451
439.1090	Natural drugs, n.e.s., crude	16,737	60,588	85,805
654.0525	Cooking and kitchen ware, of copper, not brass	3,435	-	-
653.2200	Metal coins, n.e.s	2,792	-	11,700
709.6120	X-ray tubes	1,995	-	-
146.6600	Dried berries	1,751	-	-
654.0535	Articles n.s.p.f. of aluminum, not enameled or glazed, not containing non-stick interior finish	576	-	-
	Total	772,884	1,026,128	3,663,981
	Total, U.S. imports from Albania	772,884	1,107,617	3,985,079

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-27.—Leading items exported to Cuba, by Schedule B Nos., January-March 1982, January-March 1981, and 1981

Schedule B No.	Description	January-March— 1982	January-March— 1981	1981
818.3300	Medicine, etc., donated for relief	$165,520	-	$176,300
818.3900	Products, n.e.s., donated for relief	3,375	-	18,722
442.7900	Vitamin, nutrient and hematinic preparations, for human use, n.e	2,000	-	-
	Total	170,895	-	195,022
	Total, U.S. exports to Cuba	170,895	14,817	558,182

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-28.--Leading items imported from Cuba, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March--		1981
		1982	1981	
270.2580	Books, n.s.p.f., by foreign authors	-	-	$315
	Total	-	-	315
	Total, U.S. imports from Cuba	-	2,372	36,187

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-29.--Leading items exported to North Korea, by Schedule B Nos., January-March 1982, January-March 1981, and 1981 1/

Schedule B No.	Description	January-March--		1981
		1982	1981	
	Total, U.S. exports to North Korea	-	-	

1/ There were no exports to North Korea in 1981 or January-March 1982.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-30.--Leading items imported from North Korea, by TSUSA items, January-March 1982, January-March 1981, and 1981

TSUSA item No.	Description	January-March--		1981
		1982	1981	
111.1800	Dried fish, whether or not whole, not in airtight containers	$7,879	-	-
	Total	7,879	-	-
	Total, U.S. imports from North Korea	7,879	9,724	47,234

Source: Compiled from official statistics of the U.S. Department of Commerce.

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GLOSSARY

Abbreviation	Full wording
CAP	Common agricultural policy (EC)
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
CPE	Centrally planned economy
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
FYP	Five-year plan
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
NEM	New Economic Mechanism of Hungary
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
QGL	Qualified General License
SCE	State-controlled economy
SDR	Special Drawing Rights
SITC	Standard International Trade Classification SITC categories are defined as follows: 1-digit SITC: Section 2-digit SITC: Division 3-digit SITC: Group 4-digit SITC: Subgroup 5-digit SITC: Item
SYE	Square yard equivalents
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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Each *Quarterly Report to the Congress and the Trade Policy Committee on Trade between the United States and the Nonmarket Economy Countries* contains:

(1) summary of developments in U.S.-NME trade for that calendar quarter, with the summary of the fourth quarter as an annual review;

(2) summary tables and figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;

(3) a series of appendix tables describing the leading items traded by the United States with each of the NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

Other subjects covered periodically or on an irregular basis are listed below. All page numbers refer to the official USITC publication, with the exception of Report No. 4. Page numbers for that report refer to the copy published by the U.S. Government Printing Office.

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31ST QUARTERLY REPORT TO THE CONGRESS AND TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING APRIL-JUNE 1982

USITC PUBLICATION 1294

SEPTEMBER 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman
Paula Stern
Eugene J. Frank
Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

Report principally prepared by:

Office of Economics

Magdolna B. Kornis
Janet Whisler
James Wojtasiewicz
Thomas Betsock, Economics Assistant
David Weir, Economics Intern
Douglas Schiller, Economics Intern

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, 2/ viz, Hungary, the People's Republic of China (China), Poland, and Romania. 3/ These are countries whose exports can be investigated by the Commission under section 406 of title IV of the Trade Act of 1974. Through control of the level of production, distribution process, and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. Under the statute, the Commission publishes a summary of trade data not less frequently than once each calendar quarter for Congress and, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As specified by the statute, one objective of the reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that could present problems for domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic (East Germany), Estonia, those parts of Indochina under Communist control or domination (including Vietnam), North Korea, the Kurile Islands, Latvia, Lithuania, Mongolia, Southern Sakhalin, Tanna Tuva, and the U.S.S.R.

2/ When most-favored-nation tariff treatment is accorded a Communist country, that country is no longer included in headnote 3(f).

3/ Earlier reports in this series included Yugoslavia among the NME's whose trade with the United States is monitored. At the suggestion of the United States Trade Representative and after consultation with the appropriate congressional committees, the Commission decided that Yugoslavia would no longer be included in the countries covered by this report. This decision was effective with the 27th report. (27th Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During April-June 1981, USITC Publication 1188, September 1981, hereafter 27th Quarterly Report . . ., p. 1.) In the opinion of many analysts, Yugoslavia is not appropriately classified as an NME. Also, it is not a member of the Warsaw Pact or the Council for Mutual Economic Assistance. Yugoslavia has special status with the Organization for Economic Cooperation and Development and is a leader in the movement of nonaligned countries.

At the present time, Poland, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Most of the NME's have not been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e., that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas. In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations [1] are set forth in column 2; for the most part, these are the higher rates that were established in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products that historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

This particular report contains a summary of U.S. trade with the NME's during April-June 1982 and examines U.S. exports, imports, and the balance of trade with each country, as well as the commodity composition of such trade. Important issues in U.S. commercial relations with the NME's and pertinent economic and trade developments are also discussed.

This report also presents the results of an experimental effort to devise an automated, systematic method for identifying potentially disruptive imports from NME's using data on both import trends and the share of imports in total new supplies of products in the U.S. market. It is planned that this new program for monitoring East-West trade will be rerun annually (as new data on U.S. product shipments become available) and the results presented in future reports in this series.

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[1] Those nations referred to in headnote 3(f) of the TSUS.

SUMMARY OF SECOND-QUARTER DEVELOPMENTS

Trade between the United States and the nonmarket economy countries, showing continued signs of stagnation, amounted to $2.6 billion in the second quarter of 1982. U.S. exports exceeded their low level of the second quarter of 1981, but decreased from the level reached in the first quarter of 1982. U.S. exports to the world were lower than the April-June 1981 level, but exports to NME's remained above 3 percent of the total. Meanwhile, U.S. imports from NME's continued to decline at a faster pace than U.S. imports from the world, accounting for only 1.3 percent of the total in the second quarter of 1982.

Despite its small size, East-West trade continued to make a positive contribution to the U.S. trade balance. The U.S. surplus in trade with NME's amounted to $1.1 billion in April-June 1982--more than twice the surplus attained in April-June 1981. The U.S.S.R. alone contributed 62 percent of this surplus, although it was responsible for only 30 percent of U.S. trade with NME's. In contrast, China, responsible for close to half of U.S. trade with NME's, provided only 30 percent of the surplus. The other NME's, accounting for the remaining 20 percent of U.S. trade with all NME's, accounted for less than 8 percent of the total U.S. surplus with them.

Despite strained trade relations between the United States and the U.S.S.R. for over 2 years, that country was the principal NME market for U.S. exports in January-June 1982, accounting for 46 percent of the total. This compared favorably with a 30-percent Soviet share of U.S. exports to NME's in 1981, a year which was affected by the grain embargo and its aftermath. Meanwhile, China increasingly dominated the import side of U.S. trade with NME's. Already accounting for more than half of U.S. imports from NME's in 1981, China increased its share to almost two-thirds in January-June 1982.

Some big shifts in the composition of trade with NME's occurred in the first 6 months of 1982 compared with trade in the first 6 months of 1981, when the embargo was in effect. Resumed exports of grains, soybeans, and superphosphoric acid to the Soviet Union accounted for large increases, which were partially offset by large decreases in shipments of cotton and manmade fibers to China. There were sharp decreases in imports of peanuts from China, fuel oils and naphtha from Romania and the Soviet Union, and steel plate from Romania and Poland. Overall imports from NME's did not decrease so sharply, however, because of very large increases in imports of wearing apparel, gasoline, and petroleum from China.

During April-June 1982, Western industrial nations and Japan made an effort to coordinate East-West economic policy by reaching an accord covering some of its aspects in Versailles. Subsequently, members of the Organization for Economic Cooperation and Development (OECD) agreed to harden the terms of official export credits to the Soviet Union, among other countries. However, the period was marked most noticeably by the beginning in June of a major disagreement between the United States and its allies concerning Western participation in construction of the Siberian-European natural gas pipeline.

The conflict was triggered when President Reagan extended his earlier embargo on sales of oil and gas technology and equipment to the Soviets to include foreign subsidiaries and licensees of U.S. companies.

Notable U.S. administrative actions concerning East-West trade during the quarter included new measures to enforce the strategic-technology embargo and the institution by the U.S. International Trade Commission of a market disruption investigation concerning ceramic kitchenware and tableware imported from China.

SECOND-QUARTER DEVELOPMENTS IN TRADE BETWEEN THE UNITED STATES AND NONMARKET ECONOMY COUNTRIES

Two-way trade with NME's in April-June 1982 amounted to $2.6 billion. This represented an 11-percent increase in value over trade in the corresponding quarter of 1981, indicating that trade probably declined in terms of volume. It was also down in current dollars from the level attained in the first quarter of 1982 (table 1 and figs. 1 and 2).

Nonetheless, East-West trade continued to have a positive effect on the overall U.S. trade balance. Exports to NME's were larger in April-June 1982 than in April-June 1981, both absolutely and as a share of total U.S. exports to the world, whereas imports were smaller both absolutely and relative to total imports. This resulted in a surplus in U.S. trade with NME's of more than $1 billion--almost double the value of the surplus in the second quarter of 1981.

The Soviet Union, accounting for only 30 percent of trade between the United States and NME's, contributed 62 percent to this surplus. By contrast, China, which accounted for nearly half of U.S. trade with NME's, contributed only 30 percent. Other NME's, responsible for 20 percent of the trade, contributed less than 8 percent to the U.S. surplus in trade with NME's.

A decrease in total U.S. trade turnover from the second quarter of 1981 to the second quarter of 1982 was accompanied by an improvement in the U.S. trade balance with the world. The doubling of the trade surplus with NME's contributed to the decline in the overall U.S. trade deficit in this period.

U.S. Exports

Exports to NME's amounted to $1.8 billion in April-June 1982, accounting for 71 percent of two-way trade and 3.3 percent of U.S. exports to the world. The Soviet Union was the leading NME market for U.S. exports in January-June 1982 (fig. 3), although it lost its lead to China again in the second quarter. For years, the Soviet Union was by far the largest NME market for U.S. exports, until President Carter's economic sanctions against it and the normalization of trade relations with China enabled that country to move into first place in 1980. The Soviet Union and China together received almost 85 percent of all U.S. exports to NME's in January-June 1982, compared with 76 percent in calendar year 1981 (table 2 and fig. 3).

Figure 1 shows trends in U.S. export value to NME's, the Soviet Union, and China since the second quarter of 1979. Because it is based on current value data, the figure overstates the physical expansion of exports. However, it correctly illustrates the importance of the two leading NME markets relative to each other and to the total. The figure indicates a stagnating trend line for exports to the Soviet Union and all NME's, suggesting a decline in real terms. In contrast, exports to China rose almost steadily through the first quarter of 1981, and began to decline thereafter.

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Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), by quarters, April 1981-June 1982

Item	1981 April-June	1981 July-September	1981 October-December	1982 January-March	1982 April-June
Total U.S. trade:					
Exports--------------million dollars---	59,558	53,954	56,743	54,089	55,778
Imports-------------------------do----	66,085	63,303	65,202	61,052	60,185
Balance------------------------do----	-6,527	-9,349	-8,459	-6,963	-4,407
Trade turnover (exports plus imports) million dollars---	125,643	117,257	121,945	115,141	115,963
U.S. trade with NME's:					
Exports--------------million dollars---	1,434	1,564	2,101	2,519	1,830
Imports-------------------------do----	904	884	799	782	762
Balance------------------------do----	530	680	1,302	1,737	1,068
Trade turnover (exports plus imports) million dollars---	2,338	2,448	2,900	3,301	2,594
Share of total U.S. trade accounted for by trade with NME's:					
Exports---------------------percent---	2.41	2.90	3.70	4.65	3.28
Imports-------------------------do----	1.37	1.40	1.23	1.28	1.27

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Import figures in this and all other tables in this report are imports for consumption on a customs-value basis. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

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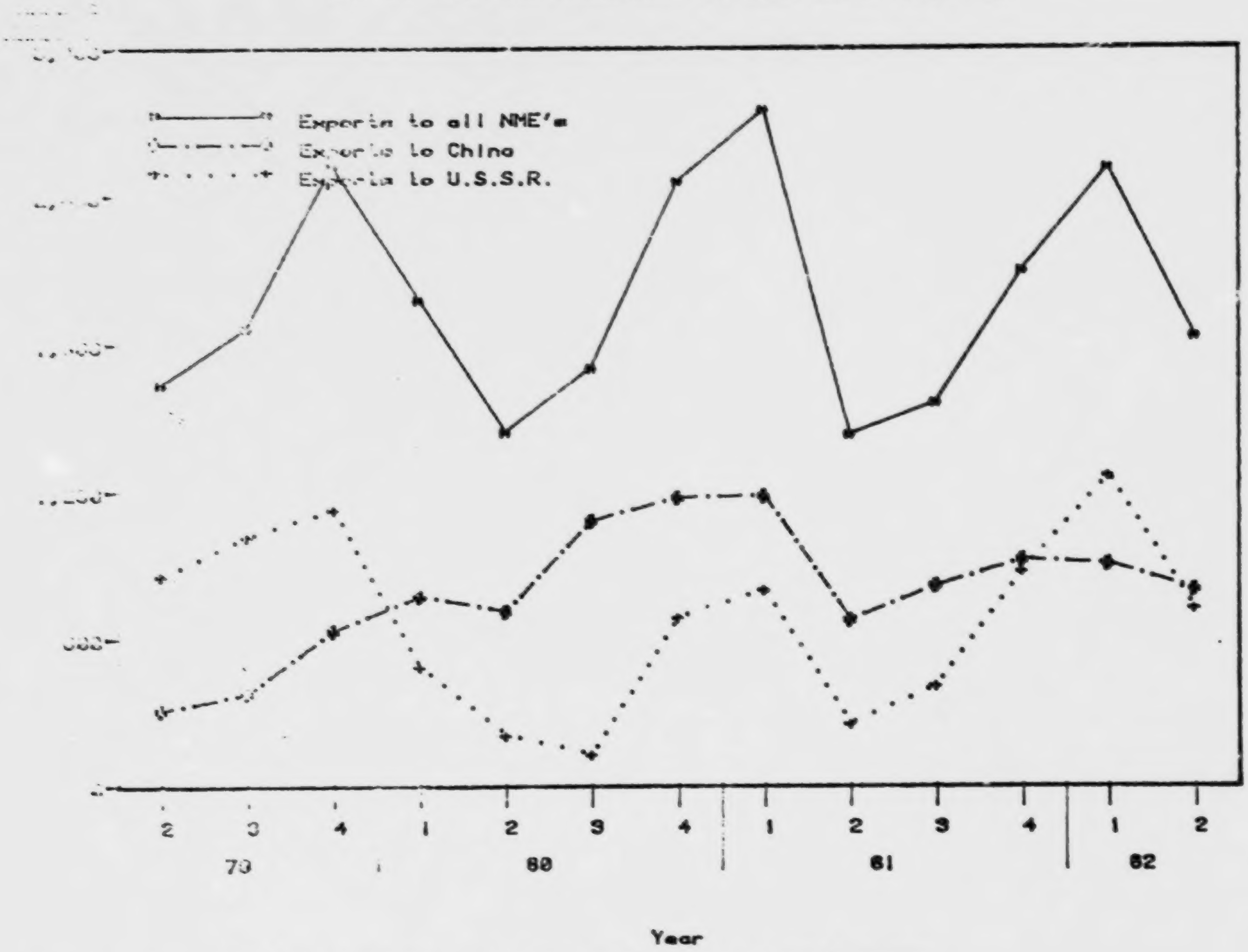
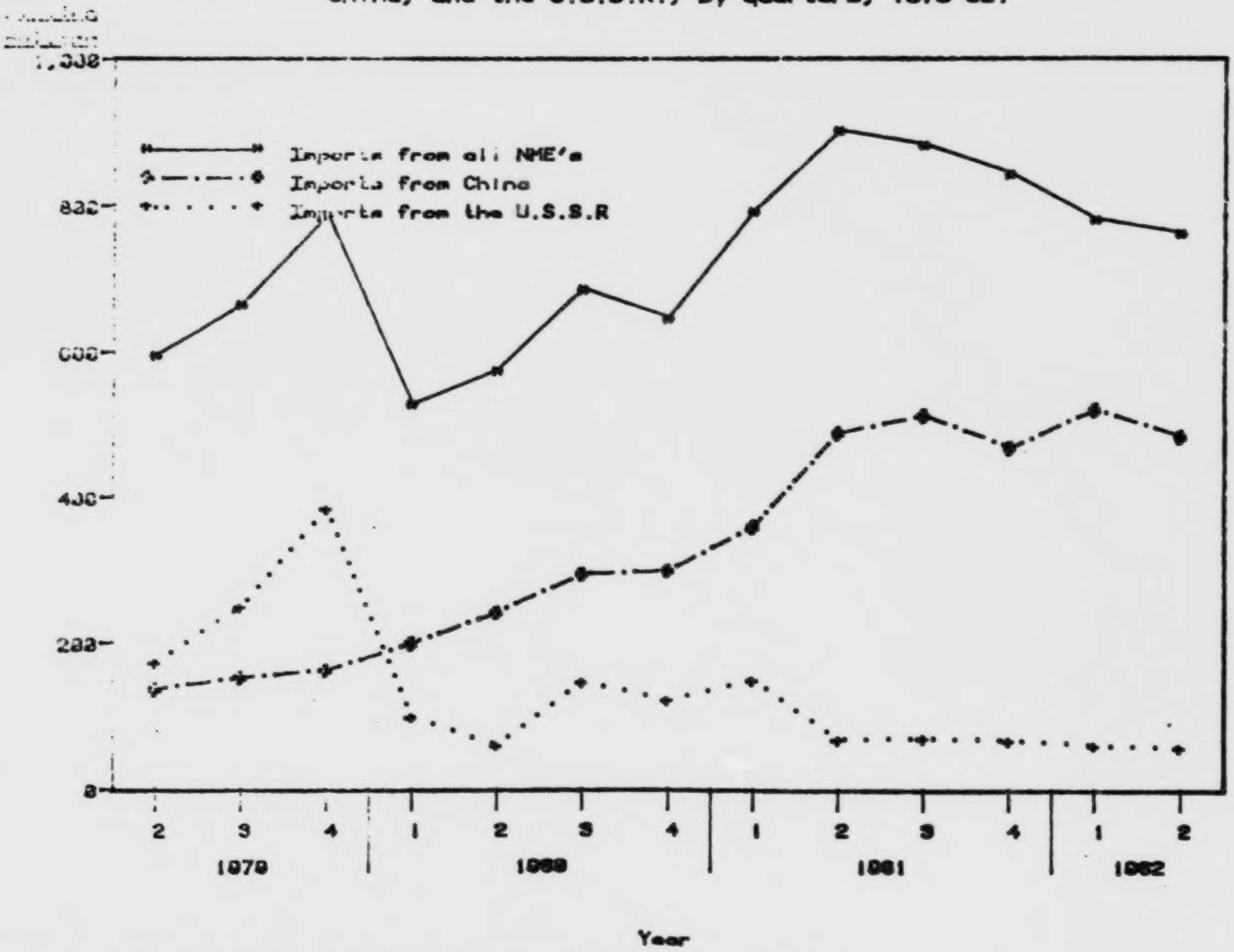
Figure [illegible].—U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 2.--U.S. Imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2.—U.S. exports to the individual nonmarket economy countries and to the world, 1980-81, January-June 1981, January-June 1982, April-June 1981, and April-June 1982

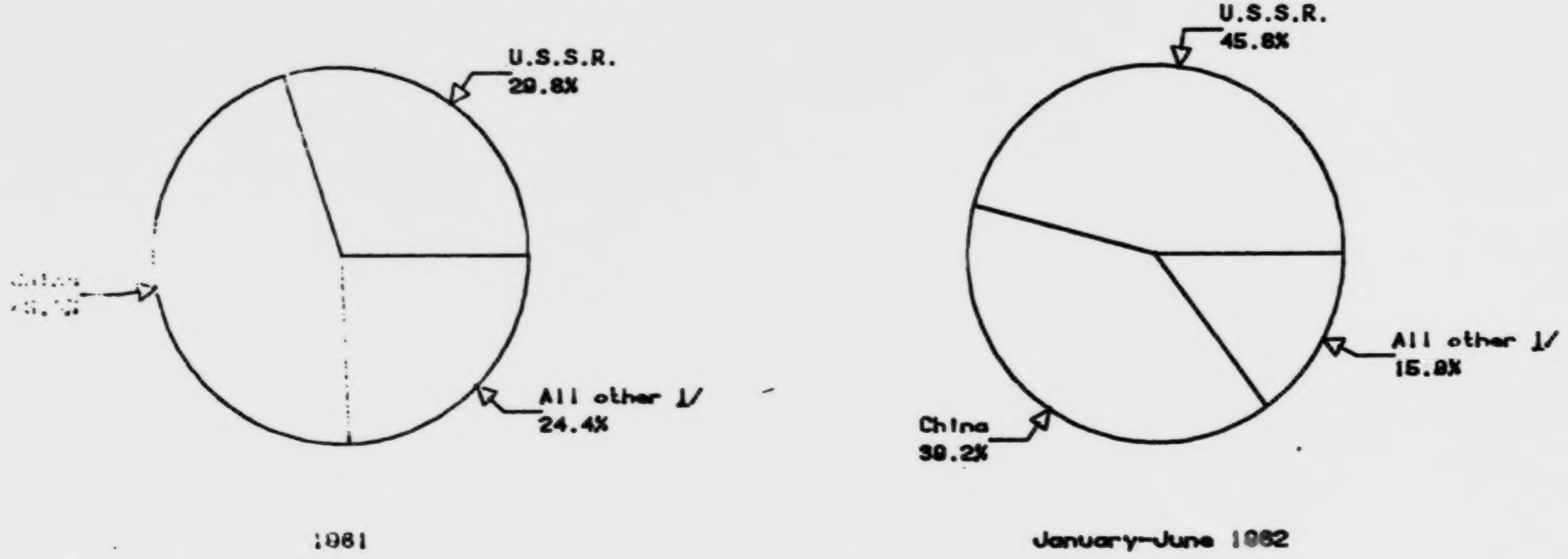
(In thousands of dollars)

Market	1980	1981	January-June—		April-June—	
			1981	1982	1981	1982
China	3,748,993	3,598,601	1,860,596	1,705,460	677,444	800,944
U.S.S.R	1,509,726	2,338,567	1,065,529	1,991,441	264,380	725,030
Poland	710,446	680,547	439,278	110,013	134,538	71,016
Romania	720,231	503,890	382,979	174,100	191,453	82,977
East Germany	477,389	295,557	203,918	173,438	70,425	53,196
Bulgaria	160,701	258,104	153,962	74,639	80,376	37,336
Czechoslovakia	185,145	82,420	50,515	62,829	8,156	30,299
Hungary	79,020	77,511	42,662	37,447	18,634	15,817
Albania	6,891	6,137	1,021	5,278	972	5,050
Mongolia	64	75	27	334	12	289
Vietnam	1,148	10,135	1,313	14,406	1,310	8,508
Cuba	119	558	49	487	35	316
North Korea	-	-	-	92	-	92
Total	7,599,876	7,852,101	4,201,848	4,349,964	1,447,735	1,830,870
Total, U.S. exports to the world	216,592,219	228,869,651	118,186,374	109,846,928	59,572,327	55,777,903

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Figure 3.--Relative shares of U.S. exports to the nonmarket economy countries, 1981 and January-June 1982.



1/ Bulgaria, Czechoslovakia, East Germany, Hungary, Romania, Poland Mongolia, Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 2.

U.S. exports to the U.S.S.R. soared in April-June 1982, compared with those in the corresponding quarter of 1981. Exports to China edged up in this period but those to many other NME's continued to decline (table 2). Exports to NME's other than the Soviet Union and China were cut nearly in half. The drop in shipments to Poland, reflecting the effect of U.S. economic sanctions imposed against that country as well as its continued problems in obtaining hard currency to purchase Western goods, accounted for almost one-third of this reduction. However, U.S. exports to Romania, East Germany, Bulgaria, and Hungary also declined. Notably, exports to such small NME's as Albania (mostly due to coal shipments, recovering from their low level in 1981), Cuba, and Vietnam (reflecting charitable contributions and gifts) rose. However, exports to these countries remained negligible, even in terms of the small overall value of U.S. exports to NME's.

Most of the trends in exports to individual NME's which were noted above on a quarterly basis are also true on a semiannual basis, with the major exception of trade with China. Exports to China declined in value over the first half of 1982, compared with exports in the first half of 1981, but edged up in April-June 1982 compared with those in the corresponding period of 1981.

Table 3 shows exports to NME's by the broad commodity sections of the Standard International Trade Classification (SITC) system. Food, mineral fuels, chemicals, and miscellaneous manufactured articles were the only commodity groups in which U.S. exports to NME's increased in value in January-June 1982 compared with those in the corresponding period of 1981. Exports in all other major sections declined.

Food and live animals

Food and live animals (SITC Section 0) continued to dominate U.S. exports to NME's. In the first 6 months of 1982, this section's relative share of the total rose to 57 percent, compared with 55 percent in the corresponding period of 1981. Table 4 shows the dominance of food and live animals in the composition of U.S. exports to separate NME markets—especially to the Soviet Union and China—for the last quarter. As usual, grains accounted for the overwhelming share of this trade.

Grains.—U.S. grain exports to NME's were up sharply in both January-March and April-June 1982 from exports in the corresponding quarters of 1981. It should be noted, however, that the first half of last year was an atypical base period, since the grain embargo imposed against the U.S.S.R. and its aftermath severely depressed the level of grain shipments in that period. Even after the grain embargo was lifted in April 1981, the Soviets did not resume purchases until the end of June. 1/ Table 5 shows wheat and corn exports in the first 6 months of 1981 and 1982. Notably, wheat replaced corn this year as the leading grain item shipped to NME's.

Presently, the Soviets continue to seek to alleviate grain shortages caused by three consecutive poor harvests (and the prospect of a fourth) by

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1/ See the 27th Quarterly Report . . ., p. 9.

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Table 3.--U.S. exports to the world and to the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-June 1981 and January-June 1982

SITC Section No.	Description	Total exports		Exports to the NME's	
		Jan.-June 1981	Jan.-June 1982	Jan.-June 1981	Jan.-June 1982
		Value (million dollars)			
0	Food and live animals	15,849	13,289	2,292	2,491
1	Beverages and tobacco	1,357	1,467	22	5
2	Crude material--inedible, except fuel	11,497	10,572	813	764
3	Mineral fuels, lubricants, etc	4,148	6,770	66	76
4	Oils and fats--animal and vegetable	917	771	68	49
5	Chemicals	10,853	10,388	233	418
6	Manufactured goods classified by chief material	11,031	9,046	285	179
7	Machinery and transport equipment	49,349	45,977	339	260
8	Miscellaneous manufactured articles	8,562	8,205	77	85
9	Commodities and transactions not elsewhere classified	4,624	3,383	6	24
	Total	118,186	109,867	4,202	4,350
		Percent of total			
0	Food and live animals	13.4	12.1	54.6	57.3
1	Beverages and tobacco	1.1	1.3	.5	.1
2	Crude material--inedible, except fuel	9.7	9.6	19.4	17.6
3	Mineral fuels, lubricants, etc	3.5	6.2	1.6	1.8
4	Oils and fats--animal and vegetable	.8	.7	1.6	1.1
5	Chemicals	9.2	9.5	5.6	9.6
6	Manufactured goods classified by chief material	9.3	8.2	6.8	4.1
7	Machinery and transport equipment	41.8	41.9	8.1	6.0
8	Miscellaneous manufactured articles	7.2	7.5	1.8	2.0
9	Commodities and transactions not elsewhere classified	3.9	3.1	.1	.1
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table 4.—U.S. exports to the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), April-June 1982

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0	Food and live animals	-	20,895	393,785	-	24,652	47,648	1,137
1	Beverages and tobacco	-	2,539	58	-	1	-	6
2	Crude material—inedible, except fuel	272	3,242	155,514	-	757	2,863	1,050
3	Mineral fuels, lubricants, etc	4,960	-	2,981	-	1	-	10
4	Oils and fats—animal and vegetable	-	234	2,151	-	-	-	-
5	Chemicals	13	-	84,133	212	404	555	2,073
6	Manufactured goods classified by chief material	-	150	79,450	-	726	253	3,785
7	Machinery and transport equipment	32	8,990	63,589	95	2,882	1,166	5,341
8	Miscellaneous manufactured articles	-	1,249	18,635	-	678	460	2,091
9	Commodities and transactions not elsewhere classified	1	38	648	9	197	249	324
	Total	5,278	37,336	800,944	316	30,299	53,196	15,817

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Total
0	Food and live animals	-	-	18,566	27,575	505,483	-	1,039,743
1	Beverages and tobacco	-	-	211	3	-	-	2,818
2	Crude material—inedible, except fuel	175	69	23,590	37,579	27,479	-	252,590
3	Mineral fuels, lubricants, etc	-	-	2	5,431	31,744	-	45,128
4	Oils and fats—animal and vegetable	-	-	4,418	-	-	-	6,569
5	Chemicals	-	-	13,856	2,271	82,293	1,014	187,059
6	Manufactured goods classified by chief material	9	-	968	1,380	4,876	21	91,616
7	Machinery and transport equipment	8	23	4,034	5,395	59,462	3	151,021
8	Miscellaneous manufactured articles	95	-	2,250	3,263	13,482	27	42,230
9	Commodities and transactions not elsewhere classified	3	-	3,120	81	210	7,443	12,325
	Total	289	92	71,016	82,977	725,030	8,508	1,831,099

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Table 5.—U.S. exports of selected major commodities to the nonmarket economy countries (NME's), January-June 1981 and January-June 1982

Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's	
		Jan.-June 1981	Jan.-June 1982	Jan.-June 1981	Jan.-June 1982
		Percent		1,000 dollars	
Cattle hides	Romania	8.3	10.5	28,057	40,742
Cereal grains	U.S.S.R	20.5	30.2	1,963,474	2,357,805
Corn, unmilled	do	21.6	27.8	1,021,978	928,448
Wheat	do	25.5	36.7	941,330	1,429,342
Coal	Romania	1.1	.7	25,862	25,218
Fertilizers	U.S.S.R	7.7	15.4	104,628	212,468
Magnesium	Romania	2.2	-	1,131	-
Metal ores	U.S.S.R	2.3	9.2	15,171	39,031
Soybean oilcake and meal	Romania	24.9	9.5	239,725	82,424
Soybeans	U.S.S.R	3.7	8.6	122,467	293,557
Textiles	China	12.8	8.4	669,395	345,302
Cotton	do	24.1	12.7	360,866	167,687
Manmade fibers	do	27.9	22.2	242,444	165,889

Source: Compiled from official statistics of the U.S. Department of Commerce.

purchasing grains from the United States, among other countries. Trade with the United States is governed by the 1-year extension of the long-term (1976-81) grain supply agreement negotiated last summer. Although their purchases did soar in the first half of this year compared with those in January-June 1981, by the end of June 1982 the Soviets had bought only 13.9 million tons of the 23 million tons they were authorized to purchase through September 30, 1982. 1/ Soviet grain purchases from the United States in the first half of the year were divided between wheat and corn; in earlier periods the Soviets bought predominantly corn.

This year for the first time the U.S.S.R. began financing some of its grain purchases from the United States with short-term loans from U.S. commercial banks. The change from their earlier practice of paying fully in cash for grains was caused by the well-known current Soviet liquidity problem. Despite the strained relations that prevail between the United States and the Soviet Union, U.S. commercial banks have been willing to extend loans in conjunction with grain sales to that country. It is notable that the U.S. Government, which is pressing among Western countries the proposal that the financing of East-West trade should be sharply reduced, has not interfered with these private lending activities.

Wheat shipments to China in April-June 1982, which were significantly larger than in April-June 1981, also contributed to the surge in grain exports to NME's in January-June 1982 over those in the corresponding period of 1981. China has stepped up purchases of wheat from the United States as well as from France and Canada, and it is expected to remain a major purchaser. 2/ The Chinese discontinued buying U.S. corn in 1981, in accordance with their policy of giving higher priority to human consumption requirements than to their goal of expanding livestock production.

Chemicals

Chemicals (SITC Section 5) constituted the only broad commodity class in which exports to NME's in January-June 1982 were sharply higher than in January-June 1981 (table 3). The increase in chemical exports was due primarily to the resumption of shipments of superphosphoric acid to the

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1/ On July 30, 1982, President Reagan authorized the extension of the long-term grain supply agreement for still another year, i.e. through Sept. 30, 1983. On Aug. 20, 1982, the Soviets formally accepted this offer.

2/ U.S. grain sales to China are covered under a 4-year agreement that expires in 1984. With new meetings scheduled in August between U.S. and Chinese agricultural officials, the U.S. Department of Agriculture predicts that Chinese grain purchases from the United States will increase (The Journal of Commerce, Aug. 25, 1982, p. 12A).

Soviet Union. 1/ Because of the embargo declared by President Carter and its aftermath, there were no exports of superphosphoric acid to the Soviet Union in the first half of 1981, but such exports amounted to $117 million in the first half of 1982, accounting for 63 percent of the total increase in chemical exports to NME's in this period. The Soviet Union, the only NME purchaser of this product, accounted for 96 percent of all U.S. exports of superphosphoric acid in January-June 1982 (table 6).

Exports of chemicals to China also increased. Heading the list were resins, urea, and compound catalysts (table B-3). U.S. fertilizer shipments to Poland also increased (table B-11).

Crude materials

Crude materials (SITC Section 2) continued to rank second among the major SITC sections in U.S. exports to NME's (table 3). Nonetheless, these shipments declined in the first 6 months of 1982 compared with those in the first 6 months of 1981, owing to sharply falling sales of cotton and manmade fibers to China. These plummeting exports in fibers could not be offset by sharply rising shipments to NME's of other leading crude materials such as soybeans (to the U.S.SR.), timber (to China), cattle hides (to Poland), and copper ore (to the U.S.S.R.).

Cotton and manmade fibers.--Exports of cotton to NME's dropped by more than 50 percent from $361 million in the first 6 months of 1981 to $168 million in the corresponding period of 1982 (table 5). A decrease in cotton prices partially accounted for that decline; however, exports declined in volume as well, by 42 percent. Most of the decrease was in shipments to China (table B-3). Exports of cotton to Poland, traditionally 1 of the top 20 U.S. exports to that country, ceased in the first half of 1982.

U.S. cotton exports to China began to drop in 1981, largely because of increased domestic Chinese cotton production. In prior years, China's decision to boost textile output had led to a rapid expansion of U.S. cotton sales to that market. U.S. exports grew from $157 million in 1978 to $701 million in 1981. The reduction in shipments noted in the first quarter of 1982 continued during the second quarter (table B-3).

Manmade-fiber exports to China also plummeted, to $58 million in the first half of 1982 from $135 million in the first half of 1981. Most of the decrease occurred in the second quarter of 1982 (table B-3). The Chinese cut back sharply on imports of noncontinuous polyester fibers because they had substantial inventories of this item and because they perceived strong competition in the fabric market from natural fibers, mostly cotton. 2/

1/ Superphosphoric acid, a highly concentrated type of phosphoric acid used in the production of liquid fertilizer, is the only type of phosphoric acid exported to the Soviet Union.

2/ The Journal of Commerce, Aug. 11, 1982, p. 1A.

Table 6.—20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., January-June 1981 and January-June 1982 1/

Schedule B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's: Jan.-June 1981	Share of total exports accounted for by NME's: Jan.-June 1982	Value of exports to all NME's in Jan.-June 1982
			Percent	Percent	1,000 dollars
480.7025	Phosphoric acid, phosphorus pentoxide equivalents	U.S.S.R	-	96.4	116,611
121.0515	Bovine leather, rough, russet and crust, wet blue, not split	China	65.0	84.9	10,739
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	Poland	4.1	75.6	12,909
176.5400	Sunflower seed oil	U.S.S.R	-	69.3	22,678
121.0530	Bovine leather, rough, russet and crust, wet blue, split	China	6.6	68.2	24,817
475.4555	Insulating or transformer oils	U.S.S.R	29.2	64.3	16,295
309.4242	Polyester fibers in noncontinuous form	China	72.4	58.8	49,794
310.0010	Textured yarns, continuous manmade fibers, of nylon, less than 1,000 denier	do	51.0	57.6	96,365
417.7100	Barium compounds	Romania	.1	57.6	2,960
818.3300	Medicinals and pharmaceuticals donated for relief or charity by individuals or private agencies	Poland	1.7	45.3	8,625
182.9725	Wheat-flour-soya blends donated for relief or charity by individuals or private agencies	do	-	45.2	3,149
338.2932	Woven fabrics wholly of polyester in continuous form	China	-	43.3	3,530
818.3900	Commodities n.s.p.f., donated for relief or charity by individuals or private agencies	Poland	7.3	39.9	18,491
130.6540	Wheat, unmilled, not donated for relief or charity	U.S.S.R	25.6	36.8	1,429,342
711.8729	Parts, n.s.p.f., for nonelectric scientific instruments	China	-	35.9	1,411
310.0026	Continuous yarns, cellulosic fibers	do	34.0	35.0	4,717
601.6100	Zinc ore	Bulgaria	35.5	33.7	6,837
678.2014	Screening and vibrating machines and trommels for minerals, stationary	U.S.S.R	-	33.6	2,457
664.0577	Rippers and rooters, parts and attachments	do	23.7	32.9	2,147
674.1022	Converters, foundry machines and parts	Bulgaria	3.2	32.5	6,318

1/ Only items which accounted for at least 1 million dollars' worth of exports in January-June 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Soybeans.—Soybean exports to NME's soared to $294 million in January-June 1982 from $122 million in January-June 1981 (table 5). The Soviet Union accounted for 58 percent of the value of all U.S. soybeans shipped to NME's in this period; China accounted for 22 percent.

Rising domestic output reduced the Chinese soybean market for U.S. exporters in 1981, and this trend continued in the first half of 1982. Previously, in 1979 and 1980, U.S. soybean exports to China had risen sharply.

Other SITC sections

Exports of manufactures classified by chief material (SITC Section 6) to NME's fell sharply to $179 million in January-June 1982 from $285 million in the corresponding period of 1981 (table 3). There were major declines in shipments of paper and paperboard and woven fabrics of manmade fibers to China and various equipment classified in this category to several NME's. The decline in exports in this group was partly offset by rising sales of certain textile items, such as textured yarns to China. Moreover, China received large shipments of bovine leather in the first half of 1982, compared with negligible amounts in the first half of 1981.

Exports of machinery and transportation items (SITC Section 7) to NME's continued to fall in January-June 1982 (table 3). The prospects for technology-related exports to NME's began to dim when President Carter ordered the first round of technology sanctions in early 1980. Several factors, including President Reagan's tightened sanctions on high-technology exports, were responsible for the continued decline in machinery sales to NME's in 1982. Continued severe rationing of hard-currency imports by debt-ridden Eastern European governments was another major factor. Chinese demand for U.S. energy-related and other equipment and machinery also slackened in January-June 1982, as did all Chinese imports from the United States. The share of total U.S. exports to China accounted for by Section 7 has consistently declined since 1978, reflecting that country's retrenchment in capital construction. China also maintains that, despite some liberalization of U.S. controls on exports to China, restrictions still hamper U.S. competitiveness in the Chinese market for high-technology goods.

U.S. Imports

In April-June 1982, U.S. imports from NME's were down in value compared with the previous quarter for the fourth straight time since mid-1981 (fig. 2). Such imports amounted to $762 million during the quarter, or 1.27 percent of U.S. imports from the world (table 1).

Total U.S. imports from NME's decreased slightly in value in the first half of 1982 compared with those in the first half of 1981, with most of the decrease coming in the second quarter (table 7). With shipments from most other NME's falling, an increase in imports from China in this period (due mostly to much larger shipments of gasoline and petroleum) allowed that country to increase its share of all U.S. imports from NME's from 54 percent

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Table 7.—U.S. imports from the individual nonmarket economy countries and from the world, 1980-81, January-June 1981, January-June 1982, April-June 1981, and April-June 1982

(In thousands of dollars)

Market	1980	1981	January-June—		April-June—	
			1981	1982	1981	1982
China	1,039,177	1,830,027	849,107	1,002,017	489,321	482,037
U.S.S.R	430,387	356,961	218,672	119,248	69,006	58,220
Romania	310,561	559,449	284,466	183,562	177,358	96,154
Poland	414,919	359,939	206,443	101,020	103,192	64,927
East Germany	42,959	44,702	22,551	25,184	11,298	10,241
Bulgaria	22,845	25,604	11,261	11,744	4,641	5,521
Hungary	104,269	127,939	64,620	65,988	29,092	29,813
Czechoslovakia	61,102	67,232	35,040	32,013	17,489	13,958
Albania	10,718	3,985	2,104	1,248	996	475
Mongolia	2,223	3,635	2,437	3,195	1,230	1,649
Vietnam	34	96	91	-	6	-
Cuba	19	36	27	1	25	1
North Korea	52	47	47	8	38	-
Total	2,439,263	3,379,653	1,696,867	1,545,227	903,692	762,996
Total, U.S. imports from the world	239,994,468	259,011,977	130,506,796	121,236,819	66,084,934	60,184,661

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

in 1981 to 65 percent in the first half of 1982 (fig. 4). Figure 2 shows the sharp rise in U.S. imports from China since 1979 and China's increasing importance in total imports from NME's.

Romania, the Soviet Union, and Poland, in that order, were the next three largest NME sources of U.S. imports in the first half of 1982; imports from each of the three decreased by about $100 million from the level reached in the first half of 1981. The largest relative decrease was a 51-percent drop in imports from Poland, showing again the effect of U.S. economic sanctions as well as that country's continued problems with its domestic economy. Among items from these three countries declining most sharply in the first half of 1982 were canned hams and steel plate from Poland; fuel oils, naphthas, and steel plate from Romania; and fuel oils, nephthas, unwrought nickel, and gold bullion from the Soviet Union.

Principal U.S. imports from NME's are miscellaneous manufactures (SITC Section 8), manufactured goods classified by chief material (SITC Section 6), and mineral fuels (SITC Section 3). A comparison of the composition of U.S. imports from NME's in January-June 1982 with imports in the corresponding period of 1981 shows a number of significant changes (table 8). Miscellaneous manufactures, already one of the largest categories of imports from NME's, was the only one that increased significantly, primarily because of increased imports of wearing apparel from China. In January-June 1982, imports in that category accounted for 29 percent of all imports from NME's, compared with 20 percent in January-June 1981. Mineral fuels (mostly from China) and chemicals (from both China and the U.S.S.R.) also increased their share of the total. In contrast, imports of crude materials from NME's plummeted, as shipments of Chinese peanuts, unusually large in 1981, slowed to a trickle. Imports from NME's of manufactures classified by chief material also declined.

Table 9 shows U.S. imports from NME's by major commodity sections and by sources in the quarter under review. China dominated imports in most commodity classes. An exception was beverages and tobacco (SITC Section 1), in which Bulgaria and the U.S.S.R. ranked as leading suppliers. Another was machinery and transportation items (SITC Section 7), which continued to come principally from Eastern Europe.

Miscellaneous manufactures

The largest increase in imports of miscellaneous manufactures (SITC Section 8) from NME's occurred in imports of wearing apparel from China. These imports jumped 61 percent, from $142 million in January-June 1981 to $228 million in January-June 1982. The $86 million increase accounted for over 80 percent of the total increase in Section 8 imports from NME's in this period. Imports of wearing apparel also accounted for a large share of all imports from China: the value of such imports amounted to just under one-fourth of total imports from China in January-June 1982 and the increase in apparel imports accounted for over half of the increase in all imports from China in that period compared with imports in January-June 1981.

Imports of wearing apparel from China had previously increased from $50 million in 1978 to $354 million in 1981. Fifteen major items in this

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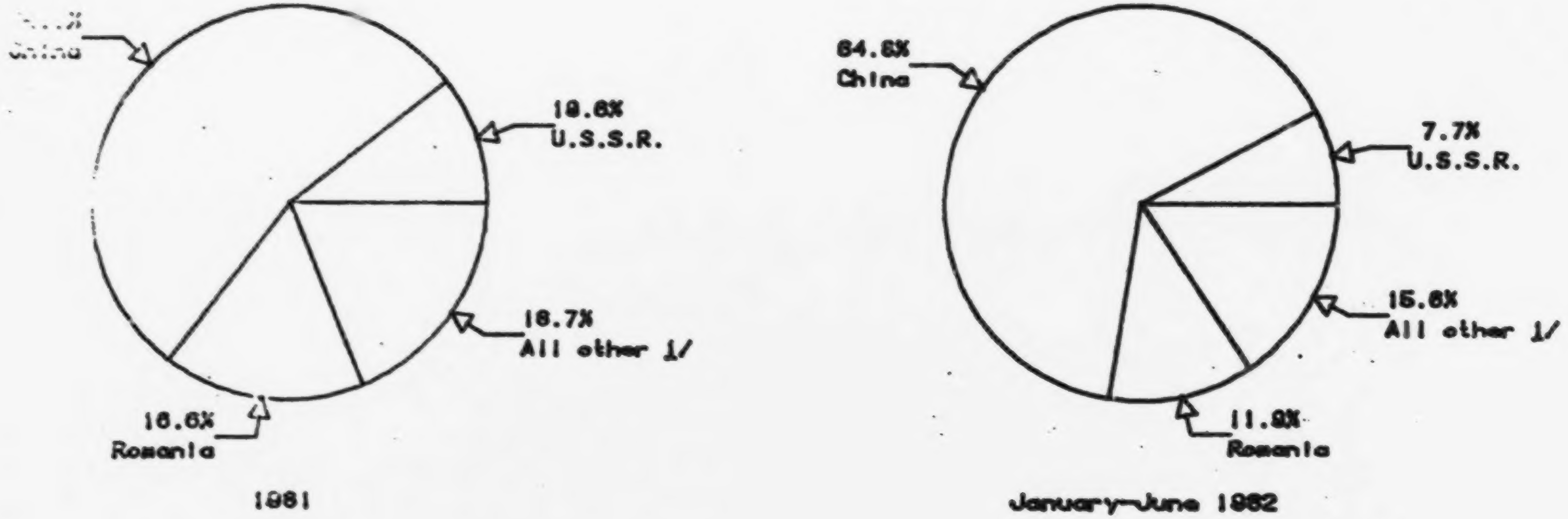
Figure 4. --Relative shares of U.S. imports to the nonmarket economy countries, 1981 and January-June 1982.



1981

January-June 1982

1/ Bulgaria, Czechoslovakia, Hungary, East Germany, Poland, Romania, Mongolia, Albania, Vietnam, Cuba, and North Korea.

Source: Based on data in table 7.

Table 8.--U.S. imports from the world and from the nonmarket economy countries (NME's), by SITC 1/ Nos. (Revision 2), January-June 1981 and January-June 1982

SITC Section No.	Description	Total imports		Imports from the NME's	
		Jan.-June 1981	Jan.-June 1982	Jan.-June 1981	Jan.-June 1982
		Value (million dollars)			
0	Food and live animals	7,912	6,903	163	133
1	Beverages and tobacco	1,364	1,339	15	16
2	Crude material--inedible, except fuel	6,003	4,298	248	83
3	Mineral fuels, lubricants, etc	43,176	31,387	267	272
4	Oils and fats--animal and vegetable	252	205	1	1
5	Chemicals	4,662	4,686	127	150
6	Manufactured goods classified by chief material	17,918	17,638	378	325
7	Machinery and transport equipment	33,766	37,647	126	103
8	Miscellaneous manufactured articles	11,904	13,145	347	452
9	Commodities and transactions not elsewhere classified	3,491	3,988	23	12
	Total	130,507	121,237	1,697	1,545
		Percent of total			
0	Food and live animals	6.1	5.7	9.6	8.6
1	Beverages and tobacco	1.0	1.1	.9	1.0
2	Crude material--inedible, except fuel	4.6	3.6	14.6	5.3
3	Mineral fuels, lubricants, etc	33.1	25.9	15.8	17.6
4	Oils and fats--animal and vegetable	.2	.2	.1	.1
5	Chemicals	3.6	3.9	7.5	9.7
6	Manufactured goods classified by chief material	13.7	14.5	22.3	21.0
7	Machinery and transport equipment	25.8	31.1	7.4	6.7
8	Miscellaneous manufactured articles	9.1	10.8	20.4	29.3
9	Commodities and transactions not elsewhere classified	2.7	3.3	1.4	.8
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table 9.--U.S. imports from the nonmarket economy countries, by SITC 1/ Nos. (Revision 2), April-June 1982

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0	Food and live animals	-	311	32,306	-	2,588	206	6,794
1	Beverages and tobacco	-	4,320	515	-	323	66	270
2	Crude material--inedible, except fuel	352	27	26,686	-	-	744	905
3	Mineral fuels, lubricants, etc	-	-	95,643	-	31	382	-
4	Oils and fats--animal and vegetable	-	-	242		-	-	-
5	Chemicals	-	291	41,165	-	198	1,697	1,127
6	Manufactured goods classified by chief material	122	6	93,280	-	4,976	3,889	3,575
7	Machinery and transport equipment	-	470	9,200	-	1,772	2,240	9,520
8	Miscellaneous manufactured articles	1	96	180,739	2	3,995	779	7,599
9	Commodities and transactions not elsewhere classified	-	1	2,260	-	75	238	22
	Total	475	5,521	482,037	2	13,958	10,241	29,813

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Total
0	Food and live animals	-	-	27,204	3,182	426	-	73,017
1	Beverages and tobacco	-	-	70	461	2,176	-	8,202
2	Crude material--inedible, except fuel	1,649	-	177	691	1,263	-	32,493
3	Mineral fuels, lubricants, etc	-	-	-	33,675	10,356	-	140,087
4	Oils and fats--animal and vegetable	-	-	430	-	2	-	674
5	Chemicals	-	-	2,469	1,947	26,944	-	75,839
6	Manufactured goods classified by chief material	-	-	10,629	15,430	13,939	-	145,846
7	Machinery and transport equipment	-	-	11,301	10,805	285	-	45,592
8	Miscellaneous manufactured articles	-	-	12,560	29,892	552	-	236,214
9	Commodities and transactions not elsewhere classified	-	-	87	72	2,277	-	5,032
	Total	1,649	-	64,927	96,154	58,220	-	762,996

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

group were subject to specific import ceilings from China in January-June 1982 under the United States-China textile agreement, which expires at the end of 1982. Throughout the term of this accord, the U.S. industry has requested the imposition of quotas on additional categories of imports. For this reason, and because the current agreement is nearing expiration, the Governments of the United States and China are currently in the process of negotiating a new accord.

Manufactured goods classified by chief material

Total imports from all NME's of goods classified in this category (SITC Section 6) dropped somewhat in value in the first 6 months of 1982 from those in the corresponding period of 1981 (table 8). An increase in U.S. imports from China, the major NME source for this product group, was more than offset by decreases in imports from the U.S.S.R. and Romania.

Imports of tin from China tripled, accounting for 47 percent of the approximately $42 million increase in Section 6 imports from that country in the first half of 1982. In this period China became the third largest source of U.S. tin imports, after Thailand and Indonesia, replacing Malaysia among the leaders. Imports from China, the only NME source for tin, accounted for 12 percent of the value of total U.S. tin imports in this period (table 10). Section 6 also includes textile fabrics, yarns, floor coverings, and cotton towels, which come mostly from China. Increasing imports of cotton terry towels accounted for another 16 percent of the total increase in Section 6 imports from China in the first half of 1982; this item is not subject to an import ceiling under the United States-China textile agreement. 1/ Imports of ceramic kitchenware and tableware from China, also classified in Section 6, also increased in the first half of 1982.

Imports in Section 6 from other NME's decreased sharply. Shipments of unwrought nickel from the Soviet Union dropped from $34 million in January-June 1981 to $9 million in January-June 1982, falling especially rapidly in the second quarter. Imports of steel plate from Romania dropped even more precipitously, from $35 million in January-June 1981 to slightly over $1 million in January-June 1982. Romanian steel plate imports were the subject of an antidumping complaint which was brought before the U.S. Department of Commerce and the U.S. International Trade Commission earlier this year and is still pending. Commerce Department officials who traveled to Romania during the investigation of that complaint report that Romanian officials are concerned that the possibility of retroactive antidumping duties has hurt their ability to sell steel in the United States.

Also notable was a rise in imports of oil well casings from Romania and Czechoslovakia in the first half of 1982, mostly in the first quarter.

1/ 30th Quarterly Report . . ., p. 17.

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Table 10.—U.S. imports of selected major commodities from the nonmarket economy countries (NME's), January-June 1981 and January-June 1982

Commodity	Major NME supplier	Share of total imports accounted for by NME's Jan.-June 1981	Share of total imports accounted for by NME's Jan.-June 1982	Value of imports from all NME's Jan.-June 1981	Value of imports from all NME's Jan.-June 1982
		Percent		1,000 dollars	
Chromium scrap	China	3.7	6.0	534	337
Coal	Poland	2.1	-	1,430	-
Copper	U.S.S.R	.2	.3	1,237	1,780
Corn, unmilled	Romania	40.3	48.1	4,507	5,041
Feathers and downs	China	38.6	34.3	15,206	7,722
Fertilizers	U.S.S.R	5.5	7.4	45,653	61,184
Furniture, wooden	Romania	4.7	4.5	13,194	13,851
Glass and glass products	do	5.6	4.8	18,681	16,528
Macaroni	China	5.6	6.7	1,238	1,534
Metal coins	do	1.0	.1	6,424	708
Metal ores	do	1.0	1.2	15,476	12,217
Nickel	U.S.S.R	6.0	2.2	34,495	8,941
Petroleum and natural gas	China	.6	.8	265,464	270,893
Precious metals	U.S.S.R	2.1	1.6	44,041	22,764
Gold bullion	do	2.0	.1	18,349	282
Silver bullion	China	.1	-	252	-
Platinum	U.S.S.R	6.7	9.4	23,071	20,526
Prepared pork	Poland	51.4	25.3	90,464	41,543
Textiles	China	5.6	6.7	398,254	504,142
Footwear	do	3.2	3.1	50,711	51,329
Nonrubber footwear	Romania	4.2	3.4	35,642	38,672
Tin	China	1.7	12.3	5,968	25,719
Titanium	do	12.2	4.1	9,732	1,170
Tobacco	Bulgaria	3.1	2.9	9,061	8,218
Typewriters	do	2.1	1.1	3,548	1,969

Source: Compiled from official statistics of the U.S. Department of Commerce.

Crude materials

The $147 million decrease in imports of shelled peanuts from China was the largest shift in a single item in U.S.-NME trade from the first half of 1981 to the first half of 1982. This decrease accounted for 97 percent of the total decline in all imports from NME's in this period. It should be noted that U.S. peanut imports were exceptionally high in the first half of 1981 because of a temporary quota expansion. 1/ After the quota was reduced in mid-1981, total imports returned to normal levels. However, shelled peanut imports from China remained relatively high: such imports were over ten times greater in the first half of 1982 than in the first half of 1980, prior to the quota expansion. China, the only NME source for this product, accounted for over 99 percent of all U.S. shelled peanut imports in January-June 1982 (table 11).

Mineral fuels and lubricants

Imports from China of petroleum, gasoline, and naphthas increased markedly in January-June 1982 compared with imports in the corresponding period of 1981. By contrast, certain petroleum-related imports (SITC Section 3) from the Soviet Union and Romania fell sharply. The value of U.S. imports of mineral fuels and lubricants from NME's was thus virtually unchanged (table 8).

As reported in the 30th report in this series, in January-March 1982 the Chinese shipped petroleum to the United States for the first time since 1980. There were no such shipments in the second quarter, but there is some indication that they resumed in July. The future of this trade depends in part on U.S. demand for the type of heavy petroleum China produces. Chinese petroleum exports also seem to be limited by constraints on Chinese domestic oil production.

The Chinese prefer to export petroleum in processed form to maximize their foreign-exchange earnings from this resource. Accordingly, China stepped up shipments of gasoline and naphthas to the United States in 1982, in addition to selling crude oil again. The volume of gasoline shipments from China more than doubled in January-June 1982 compared with shipments in the first half of 1981, growing vigorously in both quarters. The United States imported gasoline from Romania and the U.S.S.R. as well, but China has replaced these traditional NME sources as the dominant supplier. In the quarter under review, China was responsible for almost two-thirds of the value of the gasoline and all of the naphtha shipments from NME's to the United States. Romania supplied most of the remainder of gasoline imports from NME's. Gasoline imports from Romania over the first half of 1982 did not change significantly from the level in the first half of 1981.

1/ See the 27th Quarterly Report . . ., pp. 32-38.

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Table 11.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by TSUSA items, January-June 1981 and January-June 1982 1/

TSUSA item No.	Commodity	Major NME supplier	Share of total imports accounted for by NME's: Jan.-June 1981	Share of total imports accounted for by NME's: Jan.-June 1982	Value of imports from all NME's in Jan.-June 1982
			Percent	Percent	1,000 dollars
306.6100	Cashmere goat hair in the grease or washed, not sorted	Mongolia	97.9	100.0	1,071
694.4143	Airplanes, nonmilitary, single-engine	Poland	-	100.0	1,465
618.0400	Aluminum silicon	U.S.S.R	-	99.9	1,543
145.4880	Peanuts, shelled	China	52.6	99.7	1,271
690.1500	Railway cars, passenger	Romania	77.9	99.7	1,535
417.2800	Ammonium molybdate	China	100.0	99.5	4,659
422.4200	Tungsten compounds n.s.p.f	do	64.4	98.7	2,487
494.2000	Montan wax	East Germany	80.0	97.7	1,012
542.3120	Ordinary glass, 16-18.5 oz. per sq.ft.	Romania	99.5	97.7	1,787
140.3000	Garlic, dried, dessicated or dehydrated	China	41.4	96.8	1,446
306.4293	Camel hair, in the grease or washed	Mongolia	99.3	96.6	1,956
186.3000	Bristles, crude or processed	China	95.2	95.2	3,940
222.5700	Floor coverings of unspun fibrous vegetable materials	do	94.8	93.2	5,102
100.0110	Horses for breeding, male	U.S.S.R	-	88.5	1,242
383.9220	Women's manmade fiber dresses	China	-	85.9	1,344
366.2740	Cotton shop towels n.s.p.f., not ornamented or jacquard-figured	do	73.3	84.7	2,761
533.6200	Chinaware	do	66.3	82.6	5,348
365.8670	Net or other ornamented tablecloths and napkins	do	76.4	81.4	3,743
366.2780	Cotton shop towels n.s.p.f., not ornamented or jacquard-figured, other	do	48.3	77.1	2,195
326.3032	Printcloth, in chief value but not wholly of cotton	do	78.0	76.8	1,377

1/ Only items which accounted for at least 1 million dollars' worth of imports in January-June 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

In January-June 1981, fuel oils and naphthas derived from petroleum were leading items in U.S. imports from the Soviet Union and Romania. In January-June 1982, imports of these items from these countries fell to near zero. Part of the reason was weak U.S. demand for imported petroleum products in this period, combined with Soviet cutbacks in petroleum production. In addition, Romania's petroleum-refining industry is dependent on imports of petroleum, and lack of available hard currency (as a result of Romania's debt crisis) has caused that country to cut back sharply on such imports. Decreased imports of fuel oils and naphthas accounted for about 60 percent of the total decrease in imports from the Soviet Union and about 50 percent of the total decrease in imports from Romania in January-June 1982; the combined decrease in these imports was equal to more than 70 percent of the total decrease in all imports from NME's in this period.

Chemicals

In the first 6 months of 1982, chemicals (SITC Section 5) again gained importance in total U.S. imports from NME's (table 8). One of the largest single items in this category, accounting for about one-third of the value of all chemical imports from NME's in January-June 1982, is anhydrous ammonia imported from the Soviet Union. Imports of anhydrous ammonia, which is used in making fertilizer, showed a $10 million increase in current value in the first half of 1982. However, the unit value increased nearly 50 percent from January-June 1981 to January-June 1982, so that imports of anhydrous ammonia from the Soviet Union actually decreased in quantity over this period by about 15 percent. Other significant increases in imports of articles classified in SITC Section 5 occurred in fireworks from China and urea from the Soviet Union and East Germany.

SECOND-QUARTER DEVELOPMENTS AFFECTING U.S. COMMERCIAL RELATIONS WITH NONMARKET ECONOMY COUNTRIES

U.S. Policy Developments Concerning East-West Economic Relations

Versailles conference

In June 1982, the United States reviewed East-West economic relations at the heads-of-state level when the leaders of the seven major industrial countries met in Versailles. [1] In the preceding months the United States had pressed its allies to restrict trade with the Soviet bloc, specifically by (1) withdrawing assistance from the Soviets in building a new natural gas pipeline from the Urengoy gasfields (in Western Siberia) to Europe, [2] and (2) curtailing export credits to the Soviet Union and Eastern European countries.

The United States generally tried to convince its allies that the Western policy of economic detente contributed to the Soviet military buildup in the past decade. That the West and Japan have greatly eased economic problems for the Soviets by giving them access to advanced technology and credit became the central theme of U.S. policy. New studies have suggested that the Soviet economy is weak and, by implication, vulnerable to economic sanctions. [3] The U.S. Government advocated that, henceforth, advanced market economies should scale back trade and financial ties with the Soviets, who would then be forced by the resulting economic burden to devote fewer resources to their military apparatus. In the words of William P. Clark, the President's Special Assistant for National Security: "We must force our principal adversary, the Soviet Union, to bear the brunt of its economic shortcomings." [4]

Persistent U.S. efforts to gain international support for this position were apparently unsuccessful, as France and West Germany in particular insisted that normal economic ties with the Eastern bloc should be maintained. For both countries, trade with the Soviets currently centers around the gas pipeline, which has generated contracts of great importance to specific industry sectors, individual firms, and labor markets. The pipeline also holds out the promise of relieving their energy supply problems in the coming years. It is estimated that Soviet orders connected with the project have created half a million jobs in West Germany alone. 1/

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[1] The first summit-level discussion of East-West economic relations took place in Ottawa in July 1981.

[2] For a discussion of the pipeline, see the 28th Quarterly Report . . ., pp. 37-39, and 29th Quarterly Report . . ., pp. 49-50.

[3] For example, according to a forthcoming study by the U.S. Bureau of the Census, imports in 1980 amounted to 20 percent of Soviet national income, indicating considerable Soviet dependence on foreign products. Bruce Chapman, Director of the Bureau, stated to reporters that "the implication . . . is that the Soviet Union is far more vulnerable to economic sanctions than many people realized." Similarly, the Defense Intelligence Agency stated before the Joint Economic Committee of Congress in June 1982 that the Soviet Union continues to be greatly dependent on Western technology.

[4] *The Washington Post*, June 15, 1982, p. A2.

In defending their opposition to the U.S. position, the Europeans argued that the historical experience with economic sanctions is negative, 2/ and they denied that the Soviets are in fact now vulnerable to economic pressure. In the words of West German Chancellor Helmut Schmidt, "Next to China, the Soviet Union is the one country in the world least dependent on trade and economic exchanges with the West." 3/

A communique released after the Versailles summit appeared to reflect some measure of reconciliation between the conflicting positions of the United States and its allies. The Versailles declaration promised coordinated action in three areas of East-West economic relations: (1) Improving control of exports of strategic goods to the U.S.S.R. and Eastern European countries; (2) exchanging information in the OECD on economic, commercial, and financial relations with these countries; and (3) limiting export credits to the Soviet bloc. While these actions would generally apply to Eastern Europe as well as to the Soviet Union, the accord allows them to be applied selectively with respect to individual members of the bloc. 4/

Most observers agreed that the language of the declaration was too noncommittal to promise a meaningful coordination of the participants' East-West economic policies. Indeed, shortly after the conference, sharp policy differences between the United States and its allies flared up again, centering largely on the U.S. ban of energy-related sales to the Soviets. However, the summit was followed by some progress in coordinating limits on official export credits to the Soviet Union and Eastern Europe, among other countries.

Extended U.S. ban on oil and gas equipment and technology

On June 19, 1982, following the Versailles summit conference, President Reagan extended his ban on the sale of oil and gas equipment and technology to the Soviet Union to include equipment produced abroad by subsidiaries and foreign licensees of U.S. companies. The extended embargo was implemented immediately on an interim basis. Final regulations were to be issued by the end of August. 5/ The President's original ban on the sale of oil and gas equipment and technology was among several economic sanctions he imposed against the Soviets on December 30, 1981, because of their role in the imposition of martial law in Poland. At that time, the President expanded the list of oil and gas equipment requiring licenses for export to the Soviet Union and suspended the issuance of such licenses. 6/

1/ The Washington Post, June 4, 1982, p. A1.

2/ Ibid., June 26, 1982, p. A24.

3/ Communique issued at the end of the Versailles conference, June 6, 1982.

4/ Business America, July 12, 1982, p. 5.

5/ "Summits Underline Soviet Role in Trade," Business Eastern Europe, June 18, 1982, p. 193.

6/ 29th Quarterly Report . . ., p. 48, and 30th Quarterly Report . . ., p. 21.

Effective June 22, 1982, the amended controls on oil and gas equipment and technology to the Soviet Union included equipment produced by U.S.-owned or U.S.-controlled companies wherever doing business, as well as certain foreign-produced products of U.S. technology not previously subject to controls. The rule applies to U.S. technical data that are subject to a licensing agreement, or whose use is contingent upon royalty payments or other compensation, or are the subject of a contract whereby the recipient agrees to abide by U.S. export controls. The President noted that--

> The objective of the United States in imposing sanctions has been and continues to be to advance reconciliation in Poland. Since December 30, 1981, little has changed concerning the situation in Poland. 1/

Both the December 1981 and June 1982 sanctions on oil and gas technology are principally aimed at slowing or stopping the construction of the Urengoy-to-Europe gas pipeline, which the Soviets are building with European financial and technical support. At the Ottawa economic summit conference in July 1981, President Reagan had warned the other leaders that the pipeline would make them dependent on Soviet energy. Since then, the pipeline has become the major controversial issue of East-West economic relations between the United States and its allies, which the U.S. Government tried unsuccessfully to dissuade from assisting the Soviets. Only at the Versailles summit was the pipeline overshadowed by the issue of credit restrictions against Soviet bloc countries, as U.S. efforts centered on the latter aspect of East-West policy coordination. 2/ This new focus of U.S. policy apparently led other countries to conclude that the United States had tacitly accepted their commitment to help build the pipeline.

Even some U.S. companies that had been adversely affected by earlier oil- and gas-related sanctions--specifically the Caterpillar Tractor Co. and the General Electric Co. (GE) 3/--were apparently hoping for a relaxation of these measures. Shortly after Versailles, both firms urged President Reagan to ease his December 1981 prohibition on shipments of oil and gas equipment to the Soviets. Their arguments were made in terms of saving jobs in the United States and keeping European and Japanese firms from capturing U.S. business, pointing out that the sanctions would not prevent the completion of the pipeline. 4/ However, shortly after Versailles, instead of easing his original measure, the President extended its applicability.

Principally affected by the extension are four major European companies--John Brown, of the United Kingdom; Alsthom-Atlantique, of France; AEG-Kanis, of West Germany; and Nuovo Pignone, of Italy. They are

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1/ Weekly Compilation of Presidential Documents, June 21, 1982, p. 820.
2/ See the following section on export credit restraints.
3/ 29th Quarterly Report . . ., p. 60.
4/ The Washington Post, June 18, 1982, p. A1.

collectively under contract to produce 125 large (25-megawatt) turbines for compressor stations that will move the gas along the pipeline. The Soviets have thus far relied exclusively on the West for this type of turbine. All four companies use [illegible] technology, and three also depend on imported GE rotor blades to fulfill their contracts with the Soviets. Only Alsthom-Atlantique can produce the rotors, and is thus able to build the turbines for the Soviets without imported GE parts. However, this French company manufactures the rotors under GE license and therefore, under the terms of the extended U.S. ban, it would not be allowed to provide rotors to the other three European companies to replace the embargoed GE rotors. Moreover, the ban forbids Alsthom-Atlantique to ship turbines for the pipeline to the Soviets since these incorporate rotors produced with U.S. technology.

The extended U.S. sanctions on energy-related equipment also affect the Japanese in their joint effort with the Soviets to develop oil and gas under the continental shelf of the Sakhalin Islands. Japanese companies are producing drilling rigs for the Sakhalin project under U.S. licenses, and without the rigs these firms will reportedly not be able to meet their contractual schedule. 1/

The extended U.S. sanctions evoked sharp criticism from leaders of the affected industrial countries and their news media. They denounced the United States for taking this step without prior consultation. A declaration of the Council--the governing body of the European Community--stated on June 30:

> The maintenance of the open world system will be seriously jeopardized by unilateral and retroactive decisions on international trade, attempts to exercise extraterritorial legal powers and measures which prevent the fulfillment of existing contracts.

The document expressed the Europeans' "concern at these recent developments which could have adverse consequences for relations with the United States." 2/

The Soviets responded by vowing to complete the pipeline, U.S. sanctions notwithstanding, and to deliver gas for export in 1984 as scheduled. Meanwhile, they warned Western suppliers that failing to meet their contractual obligations would oblige them to pay large penalties. It is believed that the Soviets currently have no domestic capability to produce the large turbines in question; 3/ they would therefore have to make compromises, provided European companies decided to honor the extended U.S.

1/ The Journal of Commerce, July 9, 1982, p. 23-B.

2/ European Community News, June 30, 1982, p 2.

3/ TASS (the official Soviet news agency) claimed on July 23 that the Soviet Union can immediately start production of its own 25-megawatt turbines and would use these on the Urengoy-European pipeline.

measure. 1/ This might involve replacement of the large embargoed turbines with smaller (10-megawatt) ones, switching to the use of electric motors for pumping, or delaying the completion of the pipeline until larger turbines can be built without U.S. technology.

As the second quarter ended, a debate was under way in Europe about the legality of the extended U.S. sanctions, which are based on certain clauses in civil law contracts between U.S. companies and their European licensees. The conflict compounded tensions prevailing in the Western alliance over other economic issues and is therefore viewed with concern in many quarters abroad and within the United States. 2/ Some critics of the new measure were also concerned that it may have a damaging impact on future sales of U.S. technology.

Export credit restraints

At the Versailles summit, the participating leaders agreed to—

> handle cautiously financial relations with the U.S.S.R. and other Eastern European countries, in such a way as to insure that they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits. 3/

This language was a toned-down version of the U.S. proposal for phasing out Western subsidization of loans to the Soviet Union and Eastern European countries.

The United States does not provide any Government-sponsored financing to the U.S.S.R. Section 402 of the Trade Act of 1974 makes the Soviet Union ineligible for the credit facilities of the Export-Import Bank of the United States or the Commodity Credit Corporation's program that supports U.S. grain and other agricultural exports. By contrast, in recent years many other

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1/ However, it had already become apparent in July that the Europeans were considering ways of noncompliance with President Reagan's extended sanctions. On July 13, West German banks signed a partially Government-guaranteed loan of $1.6 billion to the Soviets to finance sales of equipment and services for the pipeline, signaling West Germany's continued commitment to the project. On July 22, the French Government formally ordered suppliers for the pipeline to honor their contracts with the Soviet Union. The Italian Government followed with an announcement that it authorized affected companies to do the same. In August, the Government of the United Kingdom, invoking its Protection of Trading Interest Act of 1980, forbade four British companies to comply with the U.S. ban. On Aug. 12, the European Community delivered a formal protest to the U.S. Government charging that the ban was "an unacceptable interference" in Community affairs.

2/ On Aug. 10, 1982, the House Foreign Affairs Committee voted to overturn both the December 1981 ban on oil and gas equipment and technology and its June extension.

3/ Communique issued at the end of the Versailles conference, June 6, 1982.

Western nations have competed with one another in granting government-supported credits and credit guarantees to the U.S.S.R and its allies. 1/

U.S. efforts to restrain export credits are not directed against only the Soviet Union and Eastern Europe; the elimination of export subsidies in general is one of the Reagan administration's goals. At issue is the practice of governments' subsidizing the low-interest financing of exports, thereby gaining an unfair advantage in export competition. The reduction of export subsidies has been under negotiation for some time in the Organization of Economic Cooperation and Development, which produced the first major international agreement in this area, effective in November 1981. In this general context, the United States objects particularly to subsidized financing of East-West trade. In 1982, the U.S. Government articulated this position to its allies in the OECD in several diplomatic missions, as well as at the Versailles summit.

In early May 1982, U.S. negotiators called their OECD partners' attention to the growing credit risk involved in extending government-supported credits to the U.S.S.R. In discussing how to revise the prevailing international arrangement (of November 1981) on export credits, the United States proposed, among other things, that OECD members apply limits on the total amount of official loans that are extended to the U.S.S.R. and its allies. However, U.S. negotiators accepted a compromise proposal that included raising the minimum interest rates on official credits to most countries and revising the criteria that determine what rates a particular borrowing country must pay. These measures had the effect of raising minimum interest rates on OECD lending to the Soviet Union and some Eastern European countries by reclassifying them in categories which would restrict their eligibility for easy credit.

Objections raised predominantly by France delayed the ratification of this OECD proposal. Among the OECD countries, France has been providing the largest credit subsidies to the U.S.S.R. and to other countries as part of its economic strategy to expand export markets. In early June, the discussion in Versailles on restrictions on credit extended to the East produced the noncommittal pledge of Western leaders quoted above, on "the need for commercial prudence in limiting export credits." However, most analysts agreed after Versailles that no tangible changes in Western European credit policy towards the Soviets would follow.

1/ Although the West German Government does not grant credits or interest rate subsidies to any Eastern bloc country, private West German banks do extend low-interest credit, part of which which may be guaranteed by the Government, to the Soviet Union. In the pipeline-related package deal, the difference between the low interest rates offered on such bank credits and the prevailing market rates is frequently counterbalanced in other areas of the transaction. This is accomplished by setting a value on West German exports of equipment and technology that is above prevailing prices, and by a Soviet commitment that West Germany will obtain gas through the pipeline below market price.

Nevertheless, on June 30, 1982, the finance ministers of the European Community agreed to adopt the May OECD proposal that was supported by the United States, thereby putting new international guidelines on export subsidies into effect on July 6, 1982. In the new International Arrangement on Export Credits, borrowing countries are grouped into three categories on the basis of their per capita Gross National Product in 1979: "relatively rich" ($4,000 and over), "intermediate" ($680 to $4,000) and "relatively poor" ($680 or less). The arrangement provides for higher minimum interest rates for the "relatively rich" and "intermediate" countries than had been in effect earlier. It further provides for the reclassification of countries on the basis of new per capita income criteria and more recent income data. This redefinition has had the effect of pushing some countries into higher categories, thus raising the minimum rates they will pay on official credits. 1/

As to the effect of the new OECD arrangement on credit extended to the Soviet Union, Donald T. Regan, Secretary of the Treasury, made the following statement:

> Through a combination of borrowing country reclassification and interest rate increases over the year, the minimum interest rate charged to the Soviet Union has increased by approximately 4 percentage points since last year to 12.4 percent now. The previous categorization allowed the Soviet Union, an industrialized country, to receive more preferential rates available to advanced developing countries. This anomaly has been corrected by the new Arrangement. 2/

In the new arrangement, the U.S.S.R., Czechoslovakia, and East Germany were shifted from the "intermediate" to the "relatively rich" category with a resultant curtailment of the official credit support they previously enjoyed.

Operation Exodus: Enforcement of Technology Export Controls

Enforcement of export controls aimed at restricting the flow of critical U.S. technology to the Soviet Union intensified during the second quarter of 1982 under a new U.S. Customs Service program called Operation Exodus. This program follows recent U.S. Government legislative actions tightening controls on exports to the Soviet Union in response to the invasion of Afghanistan and the imposition of martial law in Poland. 3/ Operation Exodus aims to make the

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1/ All OECD members have to abide by the same minimum interest schedule. However, as in the past, a special formula applies to official credits in Japanese yen, since the Japanese market interest rates are below the minimum agreement rates. Loans in yen will have an interest rate of 0.3 percent over the Japanese long-term prime rate, currently 8.4 percent. The arrangement does not cover aircraft and nuclear power plants.

2/ Treasury News, July 1, 1982.

3/ Although Operation Exodus is aimed specifically at illegal high-technology exports to the Soviet Union and Eastern Europe, the U.S. Customs Service has the authority to enforce all other export laws as well.

export controls more effective through increased cargo inspections and aggressive investigations and prosecutions of suspected violators. Results so far indicate that the program has had some success in curbing illegal exports.

Stricter export controls result from concern that acquisition of Western technology has assisted the Soviet Union in increasing its military power. According to a report released in April 1982 under the auspices of the Central Intelligence Agency--

> Since at least the 1930's, the Soviet Union has devoted vast amounts of its financial and manpower resources to the acquisition of Western technology that would enhance its military power and improve the efficiency of its military technology. Today this Soviet effort is massive, well planned and well managed--a national level program approved at the highest party and government levels. 1/

The report goes on to say that acquisition of Western technology has allowed the Soviet Union to save hundreds of millions of dollars in research and development (R. & D.) costs and years in R. & D. lead time, achieve greater weapons performance than purely Soviet technology could attain, and incorporate countermeasures to Western weapons, thereby neutralizing those weapons and forcing the West to develop costly new ones. 2/

The principal mechanism in place for restricting technology exports to the Soviet Union is the export licensing system under the Export Administration Act of 1979 (EAA). The EAA requires U.S. Government approval, in the form of a validated license from the U.S. Department of Commerce, of exports of certain critical commodities to Communist countries. 3/ Items for which such an export license is required are specified on a list maintained by the Department of Commerce called the Commodity Control List (CCL). The items on the CCL are "dual-use" commodities and technologies with both civilian and potentially significant military applications; 4/ the CCL was revised in 1980 to focus on controlling exports of technology rather than goods. 5/

Besides the CCL export controls, which are maintained for reasons of national security, the EAA also provides for U.S. export controls for reasons of foreign policy and short domestic supply. Nearly all exports to North Korea, Vietnam, Kampuchea, and Cuba and exports of equipment for the

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1/ National Technical Information Services, Soviet Acquisition of Western Technology, April 1982, p. 1.

2/ Ibid, p. 10.

3/ U.S.S.R., Vietnam, Romania, the People's Republic of China, Poland, North Korea, the Mongolian People's Republic, Czechoslovakia, Cuba, Bulgaria, Albania, and Afghanistan.

4/ Actual defense articles and systems are specified on a separate list, the U.S. Munitions List; export of these items to any country except Canada requires a license from the U.S. Department of State, under the Arms Control Act of 1976, sec. 38.

5/ See the 23d Quarterly Report . . ., pp. 27-28.

exploration, production, refining, and transmission of oil and natural gas to the Soviet Union are currently banned for reasons of foreign policy.

Most items listed on the CCL also fall under the multilateral control of the Coordinating Committee for Multilateral Export Controls (COCOM). 1/ COCOM maintains lists of those items that member nations agree not to sell to Communist nations unless permission is granted unanimously after a request for an exception is made.

In its current form the system of U.S. export controls actually amounts to an embargo on exports of many items of high-technology equipment to the Soviet Union. In March 1980, following the invasion of Afghanistan, the United States announced a new policy of generally approving no exceptions from agreed COCOM controls on exports to the U.S.S.R. In the previous period the United States and Western Europen countries granted exceptions liberally. 2/ In December 1981, after the imposition of martial law in Poland, President Reagan suspended all existing licenses to export controlled commodities to the Soviet Union and announced that no applications for new or renewed licenses to export to the U.S.S.R. would be processed. This applied to electronic equipment, computers, and other dual-use commodities on the CCL, as well as to equipment for exploration and production of oil and natural gas. In addition, President Reagan expanded the list of controlled oil and gas equipment to include transmission and refining in addition to exploration and production. In June 1982, the ban on exports of oil and gas equipment was expanded even further, to apply to foreign subsidiaries and licensees of U.S. companies. 3/

As the U.S. Government has moved to legally block exports of critical technology to the Soviet Union, attention has also been focused on the problem of obtaining compliance with the law and preventing controlled commodities from being exported illegally. One way in which exporters evade export controls is by falsifying the Shipper's Export Declaration, providing a false or overly general description of the contents of a shipment so that an export license is not needed or is easily obtained. To detect this type of violation, U.S. customs agents under Operation Exodus routinely scrutinize export documentation and conduct physical inspections of cargo to verify product descriptions. In many cases this requires the assistance of commodity specialists from the U.S. Department of Commerce or the U.S. Customs Service who are able to identify highly technical equipment and determine whether its exportation is controlled. There were no such routine inspections by Customs prior to Operation Exodus.

1/ COCOM is a multinational organization through which the United States and its allies attempt to coordinate controls over the export of strategic materials and technology to Communist countries. The members of COCOM are all of the members of the North Atlantic Treaty Organization except Iceland, and Japan.

2/ See the 25th Quarterly Report . . ., p. 59.

3/ See "Extended U.S. Ban on Oil and Gas Equipment and Technology," above.

A second type of evasion of export controls is the diversion of shipments from legitimate trade channels to illegal destinations. In these cases, a valid license may be obtained to export a controlled commodity to an approved country, but the goods are then reshipped from the declared destination to a destination such as the Soviet Union or Eastern Europe. In order to uncover such conspiracies, which can involve complex webs of interrelated companies in the United States and Europe, it is necessary for Operation Exodus agents to share intelligence and cooperate with other U.S. and foreign government agencies in lengthy investigations.

In testimony before the Permanent Subcommittee on Investigations of the United States Senate on May 4, 1982, Mr. Fred Asselin, a subcommittee staff investigator, described a well-known example of such a conspiracy investigation. The case concerns a group of California companies, referred to as the CTC group after CTC California Technology Corp., the principal enterprise. From 1977 through 1980, the CTC group purchased high-technology electronic equipment worth over $10.5 million; most was on the CCL or U.S. Munitions List. In the same period CTC made over 300 shipments of these strategic commodities; none of the shipments had proper export licenses. Most went to West Germany, to companies controlled by or associated with the same individual who controlled CTC. From there, most of the shipments were diverted to the Soviet Union or Eastern Europe through Switzerland or Austria or other intermediate countries. Citing testimony by other witnesses before the subcommittee, Mr. Asselin said that the CTC group purchased equipment from a Soviet "shopping list" for the specific purpose of equipping a semiconductor plant which had been built in the Soviet Union.

On August 19, 1981, after an 18-month investigation in the United States and Europe by the U.S. Customs Service, the U.S. Department of Commerce, other law enforcement agencies, and the West German Government, a Federal grand jury in California returned a 60-count indictment charging four individuals in the CTC case with conspiring to export controlled high-technology equipment from the United States to the Soviet Union in violation of U.S. export law. The U.S. Customs Service provided supervision and did most of the work in the investigation, including surveillance, searches, seizures, and overseas coordination. Three of the individuals charged in the indictment have since been convicted.

This investigation can be considered a forerunner of Operation Exodus, which officially began on October 10, 1981, a short time after the indictment in the CTC case. Between October 1981 and May 1982, the activities of Operation Exodus resulted in 350 seizures of suspected shipments, valued at about $23 million. 1/ In contrast, during the year prior to Operation Exodus, from October 1980 through September 1981, 128 cargo seizures were made, valued at $3 million. 2/ The first prosecution under Operation Exodus came on February 18, 1982, when a Massachusetts grand jury handed down a 30-count

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1/ Information provided by the U.S. Customs Service. As of July 13, 1982, Operation Exodus had made 466 siezures, valued at $32 million.

2/ U.S. Department of Commerce, Export Administration Annual Report FY 1981, pp. 65-66.

indictment charging two individuals with falsifying export documents and using their companies to attempt to illegally export an integrated circuit tester and other goods, valued at $500,000, to Eastern Europe. Customs officials estimate that the program is now averaging 1,200 inspections per month, and they forsee an increasing number of indictments and prosecutions resulting from Operation Exodus. 1/

Extension of Most-Favored-Nation Treatment to Romania, Hungary, and China

On June 2, 1982, President Reagan sent a message to Congress recommending that his authority to waive section 402(a) and (b) of the Trade Act of 1974 be renewed and that the waivers currently in effect for Romania, Hungary, and China be continued for another 12 months. 2/ Section 402(a) and (b) prohibit the extension of most-favored-nation tariff treatment to the products of any NME that denies or severely restricts emigration by its citizens. The President may waive the prohibition if he determines that granting the country MFN status will promote freedom of emigration; however, both the general waiver authority of the President and the waivers that have been granted by him are subject to successive annual reviews and approval by the Congress. 3/ In recommending the extension of the waivers currently in effect for Romania, Hungary, and China, the President said that the bilateral trade agreements with those countries, which among other things grant them MFN status, "continue to be fundamental elements in our political and economic relations with those countries, including our important productive exchanges on human rights and emigration matters." 4/ With respect to China, the President cited an increase in the number of immigrant visas granted by U.S. Foreign Service posts as evidence of improved emigration performance. With respect to Hungary, the President said that the majority of Hungarians seeking to emigrate receive permission to do so without great difficulty, although as a result of the relatively liberal Hungarian domestic situation the actual number of citizens who apply to leave is quite small. But with respect to Romania, although he recommended extending the waiver for 1982 because emigration from Romania to the United States has increased, the President warned that MFN renewal for 1983 will be in jeopardy unless Romanian formal emigration procedures are improved and the rate of emigration of Romanian Jews to Israel increases.

1/ "Technology Siezures Keep Customs Busy," The Journal of Commerce, July 16, 1982, p. 1A.

2/ Weekly Compilation of Presidential Documents, June 7, 1982, pp. 740-742.

3/ The general waiver authority is conferred on the President in sec. 402(c). The provision for the extension of the waiver authority and the continuation of currently applicable waivers is in sec. 402(d).

4/ Weekly Compilation . . ., p. 741.

The next step in the yearly section 402 review is congressional hearings, to be held by both the Subcommittee on Trade of the House Ways and Means Committee and the Subcommittee on International Trade of the Senate Finance Committee. By adopting a simple resolution of disapproval in either the House or the Senate, Congress can terminate the general waiver authority of the President or the application of MFN treatment to the products of any country subject to disapproval. If neither the Senate nor the House acts between July 3--the annual expiration date of the waiver authority and of any waivers granted under that authority--and August 31, the waiver authority applicable to Romania, Hungary, and China is automatically continued.

There were early indications of possible congressional opposition to extending MFN status for Romania. A letter to the President dated June 1, 1982, and signed by 31 Senators expressed concern about harassment of Christian groups and the Hungarian minority in Romania, cumbersome formal emigration procedures, and declining emigration of Jews from Romania to Israel. The letter stated, "At this point we are unpersuaded that another extension of MFN for Romania will have the desired effect." A second letter, dated June 29, 1982, signed by 51 Senators and addressed to Romanian President Nicolae Ceausescu, repeated those concerns. 1/

U.S. Administrative Actions Affecting Imports From NME's: Ceramic Kitchenware and Tableware From China

On May 14, 1982, the U.S. International Trade Commission instituted an investigation under section 406 of the Trade Act of 1974, following receipt of a petition filed on behalf of the American Dinnerware Emergency Committee (ADEC) alleging that imports of ceramic kitchenware and tableware from the People's Republic of China are disrupting the U.S. market. ADEC represents manufacturers accounting for 90 percent of the production of these items in the United States. The petition requested relief in the form of quantitative restrictions on imports from China.

Section 406 investigations apply only to market disruption caused by imports from Communist countries. To make an affirmative finding of market disruption, the Commission must find that imports increased rapidly during a recent time period and that this rapid increase in imports was the basis of material injury or threat of material injury to a domestic industry.

1/ Neither the House nor the Senate passed a resolution to deny extension of MFN status for Romania before the Aug. 31, 1982, deadline. Therefore, the President's recommendation was automatically accepted.

U.S. imports of certain ceramic kitchenware and tableware from China grew at an average rate of 147 percent during 1979-81. In 1979, the year before China became eligible for most-favored-nation treatment, U.S. imports of these items were valued at $1.7 million. By 1981, imports from China totaled $14.5 million, and in the first half of 1982 such imports were valued at $9.2 million, which was 61.4 percent higher than in the first half of 1981.

The Commission was required to make its determination and submit its report on the investigation to the President by August 16, 1982. 1/

1/ On Aug. 3, 1982, the Commission determined by a 4-to-1 vote that the domestic market for ceramic kitchenware and tableware is not being disrupted by imports from China. Chairman Eckes and Commissioners Stern, Calhoun, and Haggart voted in the negative; Commissioner Frank voted in the affirmative. For further information, see Certain Ceramic Kitchenware and Tableware From the People's Republic of China: Report to the President on Investigation No. TA-406-8 . . ., USITC Publication 1279, August 1982.

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THE EAST-WEST TRADE STATISTICS MONITORING SYSTEM: IMPORTS FROM THE NME's AND THE U.S. MARKET

Background

Title IV of the Trade Act of 1974 established a special framework for trade relations between the United States and the nonmarket economy countries. The reasons for this different treatment were both political and economic. In the latter category is the recognition that state control of their economies gives NME's the potential to disrupt the U.S. economy through sudden, large-scale shifts in trade with the United States. This reasoning is reflected in section 406 of the Trade Act, 1/ which provides for import relief for U.S. industries in cases of market disruption caused by imports from Communist countries. 2/ As a complementary measure, the act also established the East-West Trade Statistics Monitoring System (sec. 410).

Section 410 directed the International Trade Commission to "establish and maintain a program to monitor imports of articles into the United States from nonmarket economy countries" and to publish a summary of the data gathered "not less frequently than once each calendar quarter." The compilation, analysis, and publication of these U.S.-NME trade data have been carried out by the Commission since the first quarter of 1975. 3/

Section 410 further directs that--

> Such publication shall include data on the effect of [NME] imports, if any, on the production of like, or directly competitive, articles in the United States and on employment within the industry which produces like, or directly competitive, articles in the United States.

The Commission has addressed this second requirement by presenting special analyses of individual products or industries in the quarterly reports. These analyses have included information on imports (and exports), the domestic U.S. industry, and the relevant industry in the nonmarket economy country that was the main factor in U.S. trade in the product. 4/

1/ In describing the purpose of sec. 406, the Senate Committee on Finance made the following statement:

> The Committee recognizes that a communist country, through control of the distribution process and the price at which articles are sold, could disrupt the domestic markets of its trading partners and thereby injure producers in those countries. In particular, exports from communist countries could be directed so as to flood domestic markets within a shorter time period than could occur under free market condition. (Trade Reform Act of 1974: Report of the Committee on Finance . . ., S. Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, p. 210.)

2/ Title IV refers to both "nonmarket economy countries" and "Communist countries" without making any clear distinction between the terms. Sec. 406 refers only to products of a "Communist country."

3/ See the section of this report on second-quarter developments in U.S.-NME trade, above, and the tables in apps. A and B.

4/ For example, see the discussions on imports of canned hams from Eastern Europe in the 23d Quarterly Report . . ., and exports of textile fibers and products to China in the 26th Quarterly Report . . . .

Up to now, however, there has been no formal system of identifying and selecting products or industries for detailed examination and analysis. The advantages of using a formal system for monitoring East-West trade are several. With such an approach, it is possible to define which economic and trade trends will be caught by the system and which will not, and to change the system's parameters to improve its operation. There is less dependence on the variable analytical skills of individuals. Another important advantage is that a formally defined monitoring system can be automated, with attendant potential for improvement in speed, reliability, and cost effectiveness.

It is equally important to recognize the limitations of a formal monitoring system. Even the most sophisticated system imaginable would not have the flexibility to take into account all possible relevant economic variables and events. Also, as is illustrated in detail below, formal systems--especially automated systems--are very dependent on the availability of reliable, comparable, comprehensive, and easily available data. Data that are relevant to the analysis of the impact of foreign trade on the domestic economy are notoriously difficult to obtain and to compare. 1/

A formal monitoring system for East-West trade therefore would serve as a backup or control on the existing procedures. To carry out this function, it is planned that the output of the monitoring system described in this section will be presented in this series of reports from time to time as data are updated and refinements are made in the methodology. The products or industries identified by the system as candidates for further analysis will be examined and reported on, if appropriate.

Methodology

The goal of this system for monitoring trade between the United States and the nonmarket economy countries is to identify those products (1) that are imported from NME's, and (2) that might have an adverse effect on a U.S. industry. As a practical matter, it was necessary to limit the variables considered in designing the monitoring system to those for which data are available from public sources. Staff resource constraints dictated that the monitoring would be done by computer to the extent possible, so that the universe of data to be used was further restricted to series that are available on machine-readable media. In light of these constraints, import penetration seemed to be the most promising concept for identification of U.S. industries that might be affected by NME imports. This approach suggests two different tests that might be applied in selecting products for closer analysis of the effects of imports: (1) are imports (either from all sources or from an NME source) significant in relation to domestic production? and (2) are imports from any particular NME source growing rapidly?

1/ During the consideration of the Trade Act of 1974, the Senate Committee on Finance noted that "at the present time, trade statistics and production data are collected in such a manner as to make comparisons impossible." (S. Rept. No. 93-1298, p. 45.) There has been some improvement on this score since that time--especially in the comparability of imports and exports--but severe problems remain.

Data sources

Analysis of the volume of imports as described above requires three types of data: U.S. imports, U.S. production or consumption, and a concordance to link the two series. Several improvements have been made in the past few years in the quality and availability of the U.S. data required for a system to monitor imports in relation to domestic production. These advances have come about principally as a result of the efforts of the Commission and the Bureau of Labor Statistics (BLS) to improve their ability to monitor key trends in U.S. international trade, and through the increased application of computer technology to this task. 1/

Imports.--Detailed U.S. import data are compiled by the Bureau of the Census and issued monthly in published reports and on computer tape. 2/ Imports are collected and reported in terms of the seven-digit classification system published by the Commission in the Tariff Schedules of the United States Annotated (TSUSA). 3/ Since 1980, the Commission has maintained a U.S. trade data base built up from the monthly Census data, so that it is relatively simple to process current import data in time-series form. 4/

For purposes of the present monitoring system, import data used are imports for consumption at customs value. 5/ For comparison with domestic economic data, it would have been preferable to use the landed, duty-paid value of imports, which can be approximated by adding calculated duties collected to imports valued on a c.i.f. (cost, insurance, and freight) basis. 6/ Consideration will be given to making this adjustment in future reports, since for NME's that do not receive MFN tariff treatment the amount of duties paid may be significant in relation to the total value of the goods.

1/ The Commission has a continuing program of monitoring U.S. foreign trade. Some of this work is published in a quarterly report, U.S. Trade Shifts in Selected Commodity Areas (the most recent report in this series is USITC Publication 1275, July 1982). The Bureau of Labor Statistics and the Bureau of the Census also operate a trade monitoring system, which was established by sec. 282 of the Trade Act of 1974 with the goal of helping to target adjustment assistance programs. The present analysis has benefited greatly from production and concordance data developed by the BLS/Census monitoring program.

2/ The monthly computer tape file is the IM-145, which contains the full detail of import data that is publicly available.

3/ The first five digits of the system constitute the legal tariff schedules and the basis of duty assessment. The final two digits are used to provide additional statistical detail in the data.

4/ The Commission uses this data base for most of its analytical work, including the production of the tables that appear in this series of reports. This year, the Commission data base was further enhanced by the implementation of a program of applying corrections to the data in all cases for which Census has issued an official notice of correction. Figures derived from this data base may therefore differ from those originally published by Census for a particular time period.

5/ For definitions of terms and methods used in collecting and reporting U.S. import data, refer to the Bureau of the Census, Guide to Foreign Trade Statistics, 1979.

6/ This point does not apply to comparisons made on the basis of quantity. However, the domestic shipments data used in this analysis are available only in terms of value, and in any case the aggregation of quantity data presents another set of methodological problems.

Perhaps the most difficult problem in using import data for an across-the-board analysis of all products over several years is that the TSUSA classifications change frequently, and no completely reliable source of the changes is available in machine-readable form. 1/ This means that time series are frequently incomplete, but, using the published trade data, there is no simple way to distinguish that situation from one in which the value of trade in an item for a particular period happens to be zero. This could lead to erroneous identification of imports as rapidly increasing when in fact they were merely classified in a different category in the base period used for computing rate of increase. Reclassification of products at the most detailed (seven-digit) level is much more common than changes at a five-digit or more aggregated level, since much of the reclassification activity takes place within the broader product groups.

In the present analysis, the reclassification problem was dealt with in three different ways. First, part of the analysis was conducted at a fairly aggregated level, where reclassification activity was essentially nil over the relevant time span. Second, the time span chosen for analysis of import data at a detailed level was chosen so as to avoid spanning the most active periods of reclassification. 2/ Finally, the procedure for ranking imports in terms of their growth excluded items with zero imports in any time period (1980, 1981, January-June 1981, or January-June 1982). This was done to avoid selecting reclassified items, and it was considered unlikely that any significant items would be excluded by this criterion.

U.S. product shipments.--To compare imports with domestic production, it was necessary to find a source of production data that (1) was as comprehensive as possible, (2) was reasonably current, and (3) could be related to the import data. It was also considered important that the data be from a standard or official source, that it be classified in terms of a generally recognized system, and that it be available in machine-readable form. No source was found that met all these criteria.

The source selected for use in the monitoring system was the five-digit product shipments 3/ data for 1978-80 from the Census Bureau's annual Survey of Manufactures (ASM). These data are reported in terms of the Standard

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1/ The History of the Tariff Schedules of the United States Annotated, USITC Publication 1192, 1981, documents changes in the TSUSA classifications through December 1980.

2/ For example, some 13 percent of all currently existing seven-digit TSUSA items were created in 1980, when the first stage of the tariff concessions negotiated in the Tokyo round were implemented.

3/ The language of the Trade Act calls for a comparison between imports and "production or consumption." Throughout this analysis, "product shipments" will be used synonymously with "production." The main difference--changes in manufacturers inventories--is thus assumed to be negligible. In the BLS trade monitoring system, values are computed for imports in relation to "new supply," which equals product shipments plus imports; another measure of import penetration is the ratio of imports to "apparent consumption," which is defined as new supply less exports. For a good description of the BLS trade monitoring system, and of the methodological problems associated with using imports and production data to monitor trade, see Gregory K. Schoepfle, "Imports and Domestic Employment: Identifying Affected Industries," Monthly Labor Review, August 1982.

Industrial Classification (SIC). The main problem with using the ASM data is that it is not current. On the other hand, it is a relatively comprehensive official source, 1/ it could be related reasonably well to the import data, and it was made available to the Commission as a machine-readable file in time-series form. 2/

Relating imports to product shipments data.--As noted, U.S. imports are collected on a seven-digit TSUSA basis, while the ASM product shipments data are on the basis of the five-digit SIC. To make comparisons between imports and production, it is therefore necessary to have a bridge, or concordance, that will allow us to reclassify one or the other series in terms of the other. Because the TSUSA and the SIC are completely independent systems, it is in many cases not possible to do this precisely, and thus the measures of import penetration of the U.S. market that are derived in this analysis must be used with caution.

The Census Bureau maintains a concordance between seven-digit TSUSA categories and an SIC-based import product classification (MSIC). Each seven-digit item is assigned wholly to one MSIC category. However, the MSIC categories do not correspond fully to the output SIC categories (OSIC) used in the ASM. To bridge the remaining inconsistencies, the Bureau of Labor Statistics, in cooperation with the Census Bureau, has developed a system for rearranging the ASM five-digit product shipments data into 318 four-digit MSIC categories. 3/ In effect, this is a second concordance, which is necessary to overcome the incompatabilities in the TSUSA and SIC classifications. Even so, not all domestic shipments categories can be matched to an MSIC category. 4/

Monitoring procedure

Given the available data, the level at which measures of import penetration were developed was for four-digit MSIC product groups. The most recent time period for which import penetration (imports divided by new supply) could be computed was 1980. However, since the premise in the Trade Act of 1974 was that imports from NME's might shift rapidly, it seemed essential to somehow take account of more recent data on imports. Also, both total imports from the world and imports from individual NME's were considered relevant to the analysis, since a high level of total imports might indicate the existence of a general sensitivity to imports, and the effect of imports from a particular source is an essential question in U.S. trade law.

1/ Agriculture and mining are excluded, but all manufacturing industries are covered.

2/ These data and other data and assistance noted below were provided by the Bureau of Labor Statistics, Division of Foreign Labor Statistics and Trade.

3/ The 318 categories were constructed so as to allow for the development of a consistent time series from 1972 forward, for use in the BLS/Census trade monitoring system. For the present analysis, 3 pairs of the 318 BLS MSIC categories were combined, so that the total number of manufacturing product groups is 315.

4/ For a more detailed discussion of the BLS/Census rearrangement of OSIC categories, see Schoepfle, op. cit., pp. 24-25.

To factor in recent import trends, the change in imports by product for each NME source considered separately 1/ was computed between 1980 and 1981 and between January-June 1981 and January-June 1982. This finds the fastest growing imports from NME's over a period that is long enough to indicate a trend, and yet also gives some weight to current trade developments. Second, using import and domestic shipments data for 1980, four-digit MSIC categories were identified in which the level of total import penetration was relatively high and in which at least a minimum import share was accounted for by an NME source. Third, the items that met both tests were identified.

Fastest Growing Items in Imports From NME Sources

NME's as a group accounted for only 1.3 percent of total U.S. imports in the first half of 1982. Nonetheless, there is a substantial number of individual items that have shown a sharp increase in imports from NME sources since 1980. This is particularly true for items imported from China, with which the United States normalized trade relations (including the mutual extension of most-favored-nation tariff treatment) in 1980.

The objective in analyzing recent trends in U.S. imports from the NME's was to identify items that have been growing rapidly and steadily. It was judged that data more than 3 years old were not indicative of present trends, so the analysis used imports from 1980 through June 1982. 2/ Another requirement was that seasonal distortions in the import trends had to be avoided. The specific test of NME import trends that was devised began with the calculation of the increase in imports for all items for each NME between 1980 and 1981, and between January-June 1981 and January-June 1982. The smaller of the two increases (in percent) was then used for ranking across all the individual cases. (Items that did not increase in both periods or that did not have at least $500,000 in imports in 1980 from an NME source were not considered.)

For example, imports of ale from China grew by 93 percent from 1980 to 1981, and by 149 percent from January-June 1981 to January-June 1982. (Imports in the 1980 base period amounted to $680,000.) The minimum of the two increases--93 percent--was used to compare this item with others for ranking purposes. Therefore, we can say that all items that ranked above ale from China grew by at least 93 percent in both the time periods.

1/ Because each NME was treated separately throughout the analysis, the total number of separate cases or observations for each test was the product of the number of product categories and the number of NME's (i.e., 13). Thus it often occurred that the same product was selected several times, once for each of several NME sources.

2/ Other considerations entered into this selection of the period for analysis. Extensive reclassification of the TSUSA took place effective January 1980, so comparisons with earlier data at a detailed level would have created a higher proportion of incomplete time series. On the other hand, it was considered desirable to have a period of overlap between the import trend analysis and the analysis of import penetration, which was limited to the period 1978-80. Also, the fact that normalization of U.S.-Chinese trade relations took place in 1980 made it attractive to use that year as a base period.

There were 94 cases for which imports on a five-digit TSUS basis from an NME source exceeded $500,000 in 1980 and increased in value both from 1980 to 1981 and from January-June 1981 to January-June 1982. Table 12 shows the distribution of these cases by NME source and by ranges of minimum percentage increase in value. China accounts for two-thirds of these cases, and for four-fifths of the 60 cases in which imports grew by at least 15 percent over both the periods examined. Czechoslovakia and Romania each accounted for eight cases that met the positive growth criterion; five NME's did not have any qualifying products.

Table 13 shows the individual TSUS items (and the NME source) under which imports increased by at least 15 percent in each time period. 1/ Eight items show increases of over 100 percent in both periods, including motor fuel imports from China, which is the largest item in the table in terms of 1981 import value. Only one TSUS item appears in the table more than once: item 700.35 (other leather footwear) makes the list twice on the basis of increased imports from both Czechoslovakia and China.

Imports may show different trends depending on the extent to which the particular classification system and the level of aggregation being used combine products with different characteristics. To check on the sensitivity of this analysis to the level of aggregation of the data, the same criteria were applied to imports from the NME's taken on a seven-digit basis (table 14) that were applied in table 13 on a five-digit basis. 2/ Of the 61 items that met the minimum value and 15-percent minimum growth rate criteria on a seven-digit basis, 8 are not subsumed within a five-digit item that qualified for table 13. (References to footnote 1 in table 14 identify these items.)

Also identified in table 14 are 18 items that met the criteria on a value basis, but did not grow by at least 15 percent in terms of quantity or volume of imports (references to footnote 2). The relatively large number of these items is presumably the result of rising prices for many U.S. imports (along with goods in general) in recent years. On the other hand, eight items met the criteria on a quantity basis but not on a value basis:

1/ The 15-percent growth criterion used throughout the rest of this section is an arbitrary one, chosen because it resulted in the selection of a convenient number of cases for examination.

2/ Many five-digit items have no seven-digit subdivisions. In these cases the last two digits of the seven-digit item are zeros, and, of course, there is no difference between the five-digit and seven-digit trade figures.

Table 12.—Number of TSUS items (5-digit) with increased imports from NME's, by source and by range of minimum percent increase in import value in each period, 1980 to 1981 and January-June 1981 to January-June 1982

Source	More than 0 percent but not over 5 percent		More than 5 percent but not over 10 percent		More than 10 percent but not over 15 percent		More than 15 percent	
	Number of TSUS items	Percent of total	Number of TSUS items	Percent of total	Number of TSUS items	Percent of total	Number of TSUS items	Percent of total
Albania	0	0	0	0	0	0	0	0
Bulgaria	2	15.4	0	0	0	0	0	0
China	5	38.5	2	25.0	8	61.5	48	80.0
Cuba	0	0	0	0	0	0	0	0
Czech'a	1	7.7	2	25.0	2	15.4	3	5.0
Germany, E.	1	7.7	2	25.0	1	7.7	1	1.7
Hungary	2	15.4	1	12.5	0	0	1	1.7
Korea, N.	0	0	0	0	0	0	0	0
Mongolia	0	0	0	0	0	0	0	0
Poland	1	7.7	0	0	0	0	1	1.7
Romania	0	0	1	12.5	2	15.4	5	8.3
U.S.S.R.	1	7.7	0	0	0	0	1	1.7
Vietnam	0	0	0	0	0	0	0	0
Total	13	100.0	8	100.0	13	100.0	60	100.0

Note: TSUS items did not appear in table if 1980 import value was less than $500,000.

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Table 13.--TSUS items (5-digit) that had imports from an NME source increase by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982

TSUS Item	Description	NME source	Imports from NME source in--				Ratio of--	
					January-June			
			1980	1981	1981	1982	(5) to (4)	(7) to (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
			Million dollars				Percent	
140.56	Other dried vegetables	China	1.09	1.37	0.66	1.02	25.9	54.3
141.70	Water chestnuts, in salt	China	2.43	6.61	3.98	6.03	171.6	51.6
161.83	Other capsicum pepper	China	1.31	1.85	0.82	1.61	42.1	94.7
167.05	Ale	China	0.68	1.31	0.37	0.93	92.7	148.9
169.37	Vodka, not over $7.75/gal	U.S.S.R.	0.89	1.41	0.43	0.98	58.1	126.7
182.35	Pastes, not of egg	China	2.34	2.90	1.22	1.52	23.7	24.9
186.55	Hair, except human	China	1.92	2.55	0.88	1.26	33.0	43.3
192.25	Hops	Poland	0.77	2.41	1.93	2.70	214.6	39.9
193.25	Vegetable substances, crude	China	0.98	1.35	0.53	1.73	37.5	228.0
207.00	Articles nspf, of wood	China	1.25	1.56	0.60	0.74	24.9	23.3
222.42	Rattan or palm leaf baskets	China	1.64	2.10	0.76	1.10	28.3	45.5
222.44	Other baskets	China	4.49	9.45	4.15	5.73	110.7	38.1
222.64	Articles of unspun fibrous veg matter	China	4.57	7.09	3.26	3.94	55.2	21.2
308.12	Silk waste, not advanced	China	0.55	0.66	0.23	0.55	19.0	136.9
310.50	Yarns, of manmade fibers	Romania	2.26	2.75	1.08	1.47	21.5	36.7
320.30	Cotton woven fabrics, #30	China	3.91	8.40	3.78	4.97	115.2	31.5
337.20	Woven fabrics, of silk	China	5.41	9.90	3.86	5.03	83.0	30.2
360.70	Floor coverings of pile	China	2.40	5.33	2.32	3.09	122.1	32.9
365.86	Machine-made-lace furnishings	China	2.69	8.38	3.02	6.55	211.3	117.0
365.91	Machine-made-lace furnishings	China	0.66	1.42	0.52	0.62	115.1	18.1
366.24	Towels, cotton pile construction	China	4.01	7.19	3.18	10.20	79.2	221.2
366.27	Towels, cotton, other	China	3.83	9.23	3.93	5.42	141.2	38.2
376.56	Rainwear, other	China	0.77	1.09	0.49	0.78	40.8	58.8
389.61	Artificial flowers, nspf	China	0.77	2.18	0.68	1.49	185.0	120.0
439.30	Natural drugs, nspf, advanced	China	2.24	3.03	1.31	2.23	35.5	70.7
440.00	Other drugs, in doses	China	0.55	1.31	0.54	1.16	137.0	114.1
452.18	Citronella oils	China	1.11	1.89	0.64	0.83	70.4	28.3
475.25	Motor fuel	China	82.30	258.74	67.52	147.05	214.4	117.8
475.35	Napthas	China	30.95	36.67	13.30	18.66	18.5	40.2
517.31	Natural graphite, other	China	0.94	2.37	0.41	1.11	151.5	172.9
533.52	Hotel/restaurant ware, chinaware	China	1.13	1.45	0.55	0.98	28.3	77.1
533.62	Household ware, nonbone chinaware	China	2.89	6.23	2.43	4.70	115.3	93.4
533.79	Other household ware, nonbone	China	2.30	6.23	2.42	3.16	171.6	30.5
534.94	Smokers articles, of bone	China	2.15	3.28	1.36	1.81	52.7	32.8
542.31	Ordinary glass, 16-18 oz/sq.ft	Romania	1.16	1.60	0.63	0.86	38.1	36.2
601.09	Beryllium ore	China	0.56	0.83	0.33	0.59	46.9	80.6
610.39	Steel pipe, not thrded, not alloyed	Czech'a	2.90	6.52	3.09	4.53	125.3	46.4
610.42	Steel pipe, threaded, not alloyed	Romania	4.80	15.00	5.17	8.32	212.3	61.0
610.49	Pipes, other, not for bearings	Romania	1.92	9.68	3.14	9.63	404.3	206.5

See note at end of table.

Table 13.--TSUS items (5-digit) that had imports from an NME source increase by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982--Continued

TSUS Item	Description	NME source	Imports from NME source in--				Ratio of--	
			1980	1981	January-June 1981	January-June 1982	(5) to (4)	(7) to (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
			Million dollars				Percent	
622.02	Tin, not alloyed	China	13.85	22.26	5.97	25.72	60.7	330.9
646.26	Brads, iron or steel, 1 inch or more	China	8.11	12.65	4.68	7.18	55.9	53.5
646.58	Mach screws, of iron or steel	China	0.55	0.85	0.32	1.39	53.6	338.0
648.97	Pipe tools, wrenches	China	0.82	1.32	0.62	1.21	60.1	96.1
664.10	Elevators, hoists, winches	China	0.95	4.59	2.02	3.39	382.2	68.1
674.32	Metalworking machine tools	China	0.50	2.08	0.51	0.96	314.3	89.9
680.39	Ball bearings, other	Romania	1.08	5.79	3.09	4.07	434.6	31.8
686.90	Filament lamps, other	Hungary	7.97	9.55	5.22	6.12	19.7	17.2
700.35	Footwear, leather, other	Czech'a	2.57	3.09	1.09	2.27	20.5	107.9
700.35	do	China	3.93	9.40	3.97	6.02	139.2	51.8
702.12	Headwear, cotton, not knit	China	1.61	1.86	0.96	1.31	15.4	36.9
704.65	Gloves, wool, knit	China	0.53	0.66	0.06	0.10	25.1	72.6
705.35	Gloves, of horsehide	China	5.22	10.58	4.74	6.93	102.5	46.2
706.22	Luggage, handbags	China	0.51	2.71	1.47	2.46	429.7	67.1
727.11	Furniture, of rattan	China	1.98	6.24	2.11	3.73	215.2	76.7
727.12	Furniture, of other fibrous veg matter	China	0.57	1.98	0.67	1.85	250.4	177.2
740.38	Jewelry, other	China	1.04	1.90	0.55	0.91	82.6	64.8
741.30	Beads, other	Czech'a	0.51	0.77	0.32	0.50	51.3	58.1
748.21	Artificial flowers, not plastic	China	0.51	3.26	0.87	3.97	539.1	355.6
772.51	Pneumatic tires, other	Germany, E	4.53	6.86	2.44	4.34	51.3	78.2
999.95	Under $251 formal and informal entries	China	0.91	1.11	0.49	0.73	22.0	48.7

Note: Commodities did not appear in this table if the full year value was less than $500,000 in 1980 or 1981.

Table 14.—TSUSA items (7-digit) that had imports from an NME source increase by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982

TSUSA Item	Description	NME source	Imports from NME source in—				Ratio of--	
					January-June			
			1980	1981	1981	1982	(5) to (4)	(7) to (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
			Million dollars				Percent	
114.4590	Shellfish, including pastes 1/	China	0.52	0.65	0.43	0.66	24.9	52.5
140.5600	Vegetables, dried, desiccatd	China	1.09	1.37	0.66	1.02	25.9	54.3
141.7000	Water chestnuts, in salt	China	2.43	6.61	3.98	6.03	171.6	51.6
161.8300	Pepper, capsicum or cayenne	China	1.31	1.85	0.82	1.61	42.1	94.7
167.0515	Ale, porter, stout, beer	China	0.68	1.29	0.37	0.93	88.8	148.9
169.3700	Vodka in containers	U.S.S.R.	0.89	1.41	0.43	0.98	58.1	126.7
182.3500	Macaroni and similar pastes	China	2.34	2.90	1.22	1.52	23.7	24.9
193.2560	Vegetable substances, crude 2/	China	0.97	1.31	0.49	1.48	35.4	201.1
207.0080	Articles of wood, nspf 2/	China	0.68	0.93	0.33	0.42	38.0	27.7
222.4200	Baskets and bags, of rattan	China	1.64	2.10	0.76	1.10	28.3	45.5
222.4400	Baskets and bags, nspf	China	4.49	9.45	4.15	5.73	110.7	38.1
222.6400	Articles of unspun fib veg mat 2/	China	4.57	7.09	3.26	3.94	55.2	21.2
308.1200	Silk waste except noils	China	0.55	0.66	0.23	0.55	19.0	136.9
310.5049	Yarns except textured wholly	Romania	2.26	2.75	1.08	1.47	21.5	36.7
337.2040	Fabrics of silk, bleached or colored	China	0.65	1.14	0.48	0.70	76.1	44.5
337.2050	Fabrics of silk, bleached or colored	China	4.35	8.16	3.08	3.87	87.4	25.9
360.1520	Floor coverings, pile, ex wool 1/	China	1.67	2.71	0.98	1.47	62.2	50.2
360.7000	Fl coverings, over 50% wool pile	China	2.40	5.33	2.32	3.09	122.1	32.9
365.8670	Net or other ornamented tablecloths	China	2.19	5.49	2.30	3.74	150.6	62.9
365.9110	Net furnishings, nspf	China	0.64	1.41	0.52	0.61	120.4	16.3
366.2460	Cotton towels, nspf terry	China	3.77	6.65	2.87	9.69	76.6	237.7
389.6100	Artifical flowers, manmade	China	0.77	2.18	0.68	1.49	185.0	120.0
437.8240	Vitamin C or ascorbic acid 1/	China	0.73	2.97	1.20	1.98	308.0	64.5
439.3050	Ginseng in advanced form 1/ 2/	China	0.74	0.87	0.34	0.94	16.4	177.0
439.3090	Natural drugs, nspf	China	1.45	2.16	0.96	1.28	49.5	33.1
440.0000	Medicinal preps in capsules 2/	China	0.55	1.31	0.54	1.16	137.0	114.1
452.1800	Citronella oil	China	1.11	1.89	0.64	0.83	70.4	28.3
475.2520	Gasoline	China	81.81	258.74	67.52	147.05	216.3	117.8
475.3500	Naphthas derived from petroleum	China	30.95	36.67	13.30	18.66	18.5	40.2
517.3100	Graphite, natural crude	China	0.94	2.37	0.41	1.11	151.5	172.9
533.5200	Hotel or restaurant chinaware	China	1.13	1.45	0.55	0.98	28.3	77.1
533.6200	Chinaware, nonbone household	China	2.89	6.23	2.43	4.70	115.3	93.4
533.7900	Nonbone china tableware nspf	China	2.30	6.23	2.42	3.16	171.6	30.5
534.9400	Household articles, nspf	China	2.15	3.28	1.36	1.81	52.7	32.8
542.3120	Ordinary glass, 16-18.5 oz/sq.ft	Romania	0.90	1.52	0.56	0.86	68.8	53.9
601.0900	Beryllium ore 2/	China	0.56	0.83	0.33	0.59	46.9	80.6
605.0290	Platinum group metals 1/ 2/	U.S.S.R.	5.52	6.40	0.81	1.66	15.9	104.5
610.3920	Oilwell casing	Czech'a	2.90	6.52	3.09	4.53	125.3	46.4
610.4220	Oilwell casing	Romania	4.80	15.00	5.17	8.32	212.3	61.0

See footnotes at end of table.

Table 14.--TSUSA items (7-digit) that had imports from an NME source increase by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982—Continued

TSUSA Item (1)	Description (2)	NME source (3)	Imports from NME source in-- 1980 (4)	1981 (5)	January-June 1981 (6)	January-June 1982 (7)	Ratio of-- (5) to (4)	(7) to (6)
			Million dollars				Percent	
622.0200	Tin other than alloys	China	13.85	22.26	5.97	25.72	60.7	330.9
646.2624	Nails etc of steel, galvanized	China	2.38	4.44	1.72	2.59	86.5	50.5
646.2626	Nails etc of steel, vinyl coated	China	0.62	1.09	0.22	0.41	76.1	84.6
646.5800	Machine screws of iron or steel	China	0.55	0.85	0.32	1.39	53.6	338.0
664.1056	Hydraulic jacks	China	0.92	3.88	1.65	2.90	321.3	76.0
668.5060	Parts of printing presses 1/ 2/	Germany, E	0.75	0.92	0.40	0.46	22.7	16.1
686.9030	Other lamps 2/	Hungary	7.02	8.74	4.72	5.80	24.5	22.9
692.3405	Tractors, wheel ex garden, new 1/	Romania	6.58	10.54	5.36	6.48	60.1	20.8
700.3527	Footwear, leather, for work	China	0.81	1.69	0.82	1.16	109.2	42.0
700.3550	Footwear, leather, nspf	Czech'a	1.70	2.28	1.05	1.60	33.6	51.8
700.3555	Footwear, leather, nspf 2/	Romania	1.71	2.08	0.75	1.12	22.1	48.0
702.1200	Headwear of cotton, flax 2/	China	1.61	1.86	0.96	1.31	15.4	36.9
704.4010	Gloves of mach woven cotton 1/ 2/	China	7.81	11.14	4.84	5.87	42.8	21.3
704.6500	Wool gloves not laced	China	0.53	0.66	0.06	0.10	25.1	72.6
705.3510	Gloves, wholly of horse or cow hide	China	0.58	1.39	0.51	1.28	139.7	149.7
705.3550	Gloves, in part horse or cow hide	China	2.93	5.78	2.68	3.87	96.9	44.2
727.1100	Furniture and parts, rattan 2/	China	1.98	6.24	2.11	3.73	215.2	76.7
727.1200	Furn and parts, oth veg matter 2/	China	0.57	1.98	0.67	1.85	250.4	177.2
740.3800	Jewelry etc and parts nspf 2/	China	1.04	1.90	0.55	0.91	82.6	64.8
741.3000	Beads, bugles and spangles 2/	Czech'a	0.51	0.77	0.32	0.50	51.3	58.1
748.2100	Artificial flowers, fruit 2/	China	0.51	3.26	0.87	3.97	539.1	355.6
999.9500	Entries under $251 2/	China	0.91	1.11	0.49	0.73	22.0	48.7

Note: Items did not appear in this table if the value of 1980 imports from an NME supplier was less than $500,000.

1/ Item did not increase at least 15 percent on a TSUS (5-digit) basis between 1980 and 1981 and between January-June 1981 and January-June 1982.

2/ Item did not increase at least 15 percent on a quantity basis between 1980 and 1981 and between January-June 1981 and January-June 1982.

TSUSA item No.	Description	NME source	Increase in quantity: 1981 to 1982	Increase in quantity: January-June 1981 to January-June 1982
			Percent	
121.5000	Pig and hog leather	East Germany	18.8	33.6
144.2053	Mushrooms, prepared, n.e.c.	China	22.9	127.0
222.4100	Baskets and bags of willow.	do	38.2	61.1
363.5130	Covers of vegetable fiber.	do	241.5	34.9
472.1000	Natural barium sulfate.	do	28.0	40.2
546.6020	Tumblers and other stemware.	Poland	30.2	39.7
605.0220	Sponge of metal platinum.	U.S.S.R.	17.2	45.8
674.3277	Vertical boring machines.	Romania	100.0	355.6

Table 15 applies the same selection criteria used above to imports of manufactures classified into four-digit import-based SIC product groups. Even at this level of aggregation, many of the same products are identified that appeared in the earlier tables. China still dominates the list of qualifying cases, but somewhat less so than at more detailed levels.

Levels of Import Penetration by Total Imports and by Imports From NME's

The level and trend of import penetration in a market is widely considered a key determinant of the potential for imports having an adverse effect on a domestic industry. Given the small share of total U.S. imports accounted for by the NME's, there cannot be many cases in which one of them alone accounts for a large share of the entire U.S. market for a broad product grouping. Still, when penetration of the U.S. market for a product has already occurred, rapidly growing imports from NME's may indicate the need for further examination.

Table 16 shows that in 1980 there were only 13 cases of penetration of more than 1 percent by imports from an NME source in a four-digit MSIC category. All these cases involved products for which total import penetration was over 10 percent.

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Table 15.—SIC-based import groups in which imports from an NME source increased by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982

MSIC Code (1)	Description (2)	NME source (3)	Imports 1980 (4)	Imports 1981 (5)	Imports January-June 1981 (6)	Imports January-June 1982 (7)	Ratio of-- (5) to (4)	Ratio of-- (7) to (6)
			Million dollars				Percent	
2033	Fruits & veg, canned and preserved	China	18.39	33.89	14.04	20.20	84.3	43.9
2034	Dried fruits and vegetables	China	1.99	2.67	1.31	4.30	34.4	229.2
2082	Malt liquors and brewing byproducts	China	0.68	1.31	0.37	0.93	92.6	149.3
2084	Wines, brandy, and brandy spirits	Hungary	1.41	1.77	0.83	1.00	25.4	19.9
2098	Macaroni, noodles, vermicelli	China	2.37	2.92	1.23	1.53	23.5	24.7
2221	Silk and manmade fibers broad woven	China	6.65	13.32	5.31	9.45	100.4	78.1
2272	Woven floor coverings, nes, of textile	China	2.41	5.37	2.33	3.21	122.4	38.0
2281	Yarn, spun, of cotton, silk, or manmade	Romania	2.26	2.75	1.08	1.47	21.5	36.7
2292	Lace goods, nes	China	1.33	2.39	0.73	1.32	80.2	80.2
2311	Men's or boys' suits and coats	Czech'a	0.67	0.83	0.21	0.44	24.7	116.8
2311	do	Hungary	2.28	3.49	0.67	3.00	53.1	344.9
2311	do	Romania	8.36	11.61	3.89	4.67	38.9	20.1
2311	do	China	10.54	22.33	8.18	15.71	111.8	92.0
2321	Male shirts, nightwear and underwear	China	42.57	71.77	28.08	45.54	68.6	62.2
2328	Men's or boys' slacks, trousers, shorts	China	26.14	38.62	16.94	25.30	47.7	49.4
2331	Women's, girls', and infants' dresses	China	27.88	37.03	13.68	29.16	32.8	113.2
2337	Women's, girls', and infants' coats	Romania	7.94	17.63	8.64	10.76	122.1	24.5
2337	do	China	19.60	54.53	25.91	31.36	178.3	21.1
2341	Women's, girls', and infants' underwear	China	2.56	5.58	1.76	2.15	117.6	22.3
2369	Outerwear, nes, of textile materials	Romania	2.74	7.66	1.90	2.84	180.0	49.7
2369	do	China	88.11	112.29	43.89	70.68	27.4	61.0
2381	Gloves except sports gloves and leather	China	17.04	27.39	11.99	13.85	60.7	15.5
2384	Robes and dressing gowns of textile	China	1.42	2.73	0.75	1.46	92.8	94.4
2385	Rainwear	Poland	4.59	6.79	2.11	3.47	47.8	64.5
2385	do	China	1.75	3.02	0.96	1.85	72.8	92.6
2392	Bedding, towels, and housefurnishings	China	24.76	46.15	20.36	30.76	86.4	51.1
2399	Fabricated textile articles, nes	China	2.24	6.22	2.23	5.02	177.6	125.3
25XX	Furniture and fixtures, nes	Romania	15.49	17.99	7.63	8.81	16.1	15.5
25XX	do	China	7.09	14.81	5.40	9.14	108.8	69.1
2649	Articles of paper or paperboard, nes	China	2.52	3.62	1.81	2.09	43.8	15.2
2819	Industrial inorganic chemicals, nes	China	4.79	8.23	2.83	8.03	71.7	183.3
2834	Vitamins, drugs, medicinal preparations	China	0.55	1.32	0.55	1.17	138.2	113.1
2869	Industrial organic chemicals, nes	China	11.24	17.77	6.56	9.36	58.1	42.7
2911	Petroleum refinery products	China	113.63	295.44	80.83	165.72	160.0	105.0

See note at end of table

Table 15.—SIC-based import-groups in which imports from an NME source increased by more than 15 percent from 1980 to 1981 and from January-June 1981 to January-June 1982—Continued

MSIC Code	Description	NME source	Imports				Ratio of--	
					January-June			
			1980	1981	1981	1982	(5) to (4)	(7) to (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
			Million dollars				Percent	
3011	Tires and inner tubes	Germany, E	4.54	6.78	2.44	4.28	49.5	75.5
3143	Men's footwear, except athletic	China	3.88	9.44	3.72	5.94	142.9	59.6
3151	Gloves, leather	China	1.43	2.18	0.85	1.93	52.7	127.6
3161	Luggage of leather, textile materials	China	0.96	3.33	1.22	2.48	248.3	102.9
3171	Women's handbags and purses	China	3.09	18.44	9.25	11.35	496.5	22.7
3172	Flat goods of leather, other materials	China	1.41	2.41	0.99	1.21	71.6	21.5
3229	Glass and glass articles, nes	Germany, E	2.71	3.72	1.75	2.41	37.5	37.6
3229	do	China	0.83	1.39	0.67	1.14	66.7	69.1
3262	China tableware	China	7.00	15.04	5.83	9.86	115.0	69.1
3269	Ceramic articles, nes	China	3.19	4.52	1.95	2.51	42.0	28.4
3312	Blast furnace, coke oven, steel works	Czech'a	3.88	8.64	3.83	4.99	122.5	30.2
3421	Cutlery	China	0.62	1.08	0.41	0.67	73.0	66.2
3423	Hand and edge tools, non-machine tooled	China	1.46	4.38	1.69	3.78	198.8	124.0
3452	Bolts, nuts, screws, rivets, washers	China	3.92	7.32	3.11	6.44	86.6	107.2
3496	Brads, nails, and wire products	China	8.47	13.95	5.06	8.06	64.6	59.2
3499	Fabricated metal products, nes	China	1.65	3.39	1.19	1.83	105.3	53.3
3541	Metal-cutting machine tools, and parts	Hungary	0.64	1.61	0.78	1.95	152.9	150.2
3541	do	China	1.22	3.99	1.22	2.53	228.3	107.3
3569	Industrial machinery and equipment, nes	China	0.98	4.56	1.68	3.31	364.1	97.4
3641	Electric filament, discharge, arc	Hungary	8.05	9.60	5.23	6.18	19.3	18.1
3914	Silverware, plated ware and stainless	China	4.69	7.03	2.69	3.46	49.8	28.9
3931	Musical instruments, and parts nes	China	0.53	1.42	0.43	0.80	165.4	85.8
3942	Dolls and stuffed toy animals	China	0.66	2.55	0.63	2.62	285.8	317.3
3944	Games, toys, and children's vehicles	China	1.45	1.92	0.84	1.61	31.8	90.4
3949	Sporting and athletic goods and parts	China	0.67	2.32	0.97	2.03	245.9	108.6
3961	Costume jewelry and costume novelties	China	1.11	2.04	0.60	1.00	83.2	65.3
3962	Artificial trees, flowers, dried plants	China	9.59	18.74	3.85	8.31	95.4	115.9
3991	Brooms and brushes	Hungary	0.50	0.95	0.30	0.66	90.1	116.6
3991	do	China	1.23	2.44	0.88	1.34	99.2	53.0
3999	Manufactured products, nes	Czech'a	0.55	0.81	0.34	0.54	47.4	55.7

Note: Items did not appear in this table if the full year value was less than $500,000 in 1980 or 1981.

Table 16.--Number of SIC-based import groups by range of total import penetration, 1/ and cases of penetration of the U.S. market by imports from an NME source, 2/ by range of total import penetration and by NME source share of U.S. new supply, 3/ 1980

Range of total import penetration	Number of MSIC categories	Cases in which the share of an individual NME source in U.S. new supply of an MSIC group is—			
		0.1 to 1.0 percent	1.1 to 2.0 percent	2.1 to 4.0 percent	More than 4.0 percent
0 to 10.0----percent—	211	599	0	0	0
10.1 to 20.0----do----	54	256	1	1	0
20.1 to 30.0----do----	27	135	1	1	0
30.1 to 40.0----do----	7	23	2	0	0
40.1 to 50.0----do----	8	43	1	1	0
50.1 to 60.0----do----	3	9	1	1	0
60.1 to 70.0----do----	3	15	1	1	1
More than 70.0—do----	2	11	0	0	0
Total-------------	315	1091	7	5	1

1/ Total import penetration = (Total U.S. imports)/(total U.S. imports + value of U.S. product shipments).

2/ NME's import penetration = (Imports from individual NME)/(total U.S. imports + value of U.S. product shipments).

3/ New supply = (Total U.S. imports + U.S. product shipments).

These 13 cases are shown in more detail in table 17. China dominates the list here as well. By type of product, textiles and apparel categories are most prominent. Floor coverings of textile or vegetable material (MSIC 2279) show a qualifying level of penetration by China and Romania. This category also ranks the highest in terms of import penetration by an NME source: imports from China accounted for 15.9 percent of total U.S. new supply in 1980. Nonferrous metals and nitrogenous fertilizers from the U.S.S.R. and textile outerwear from China were the largest items on the list in terms of 1980 import value.

Table 18 combines the two factors examined by the monitoring system, listing MSIC product categories and their NME source that satisfied both the growth rate criterion (table 15) and the import penetration test (table 17). The five product groups listed had over 1 percent import penetration by an NME source and over 10 percent total import penetration in 1980, and imports from the NME source grew by at least 15 percent both from 1980 to 1981 and from January-June 1981 to January-June 1982. All five cases involve imports from China, and three are textiles or apparel categories. 1/ Tables 19 through 23 show in more detail the trends in imports, U.S. shipments, and import penetration for the product groups identified by the monitoring system.

1/ MSIC 3962 includes down-filled garments, and thus might be considered an apparel caregory at least in part.

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Table 17.--SIC-based import groups in which there is import penetration 1/ of greater than 1 percent from an NME source, and total import penetration 2/ of greater than 10 percent, 1980

MSIC Code	Description	NME source	Imports from--		New Supply 3/	Import penetration by--	
			NME source	Total		NME source	Total
			Million dollars			Percent	
2013	Intestines, etc for sausage----	China	2.95	54.58	96.8	3.1	56.4
2279	Floor coverings of textile----	China	47.26	182.38	297.7	15.9	61.3
2279	------------do----------------	Romania	9.15	182.38	297.7	3.1	61.3
2292	Lace goods, nes---------------	China	1.33	28.59	83.3	1.6	34.3
2299	Textile mill products, nes----	Poland	7.87	310.25	610.2	1.3	50.9
2352	Headwear, nes-----------------	China	12.26	111.19	776.5	1.6	14.3
2369	Outerwear of textile material-	China	88.11	1,683.61	7,864.5	1.1	21.4
2381	Gloves, except sport, leather-	China	17.04	126.92	553.0	3.1	23.0
2873	Nitrogenous fertilizers-------	U.S.S.R.	95.03	511.15	4,311.5	2.2	11.9
3262	China tableware---------------	China	7.00	147.14	365.3	1.9	40.3
3339	Smelter, nonferrous metals----	U.S.S.R.	183.11	7,455.06	11,938.6	1.5	62.5
3636	Sewing machines and parts-----	Poland	5.35	203.24	531.6	1.0	38.2
3962	Artificial trees, feathers----	China	9.59	164.64	376.1	2.6	43.8

1/ NME's import penetration = (Imports from individual NME)/(total imports + value of U.S. product shipments).
2/ Total import penetration = (Total imports)/(total imports + value of U.S. product shipments).
3/ New supply = Total imports + value of U.S. product shipments.

Table 18.—SIC-based import groups with NME import penetration 1/ greater than 1 percent and total import penetration 2/ greater than 10 percent in 1980, and for which imports from an individual NME increased by more than 15 percent from 1980 to 1981, and from January-June 1981 to January-June 1982

MSIC Code (1)	Description (2)	NME source (3)	Penetration of imports— NME source (4)	Penetration of imports— Total (5)	Imports from individual NME 1980 (6)	Imports from individual NME 1981 (7)	Imports from individual NME January-June 1981 (8)	Imports from individual NME January-June 1982 (9)	Ratio of— (7) to (6)	Ratio of— (8) to (9)
			Percent		Million dollars				Percent	
2292	Lace goods, nes	China	1.6	34.3	1.33	2.39	14.71	17.99	80.0	22.3
2369	Outerwear of textile material	China	1.1	21.4	88.11	112.29	43.89	70.68	27.4	61.0
2381	Gloves, except sport, leather	China	3.1	23.0	17.04	27.39	11.99	13.85	60.7	15.5
3262	China tableware	China	1.9	40.3	7.00	15.04	5.83	9.86	114.9	69.1
3962	Artificial trees, feathers	China	2.6	43.8	9.59	18.74	3.85	8.31	95.4	115.8

1/ NME's import penetration = (Imports from individual NME)/(total imports + value of domestic shipments).

2/ Total import penetration = (Total imports)/(total imports + value of domestic shipments).

Table 19.—Lace goods, nes (MSIC 2292): U.S. imports, total and from China, 1978-81, January-June 1981, and January-June 1982, and U.S. product shipments, 1978-80

Item	1978	1979	1980	1981	January-June— 1981	January-June— 1982
Total U.S. imports—million dollars	18.89	20.00	28.59	34.41	14.71	17.99
U.S. imports from China—do	0.23	0.44	1.33	2.39	0.73	1.32
U.S. production—do	35.80	52.20	54.70	-	-	-
Ratio of—						
Imports from China to total—percent	1.24	2.21	4.64	6.94	4.98	7.34
Total imports to U.S. production—do	52.77	38.32	52.27	-	-	-
Imports from China to U.S. production—do	0.65	0.85	2.42	-	-	-
Total imports to new supply—do	34.54	27.70	34.33	-	-	-
Imports from China to new supply—do	0.43	0.61	1.59	-	-	-

Table 20.—Outerwear, n.e.s., of textile materials (MSIC 2369): 1/ U.S. imports, total and from China, 1978-81, January-June 1981, and January-June 1982, and U.S. product shipments, 1978-80

Item	1978	1979	1980	1981	January-June— 1981	January-June— 1982
Total U.S. imports—million dollars—	1,426.13	1,336.98	1,683.61	1,998.61	830.22	927.10
U.S. imports from China—do—	20.34	37.22	88.11	112.29	43.89	70.68
U.S. production—do—	5,479.30	5,364.60	6,180.90	-	-	-
Ratio of—						
Imports from China to total—percent—	1.43	2.78	5.23	5.62	5.29	7.62
Total imports to U.S. production—do—	26.03	24.92	27.24	-	-	-
Imports from China to U.S. production—do—	0.37	0.69	1.43	-	-	-
Total imports to new supply—do—	20.65	19.95	21.41	-	-	-
Imports from China to new supply—do—	0.29	0.56	1.12	-	-	-

1/ Includes shipments data for SIC categories 2369, 2339, pt. 2253, pt. 2329, pt. 2387.

Table 21.--Gloves, except sports and leather or fur (MSIC 2381): 1/ U.S. imports, total and from China, 1978-81, January-June 1981, and January-June 1982, and U.S. product shipments, 1978-80

Item	1978	1979	1980	1981	January-June-- 1981	January-June-- 1982
Total U.S. imports—million dollars—	129.15	150.99	126.92	133.16	56.92	50.73
U.S. imports from China—do—	8.98	15.43	17.04	27.39	11.99	13.85
U.S. production—do—	438.30	497.50	426.10	-	-	-
Ratio of—						
Imports from China to total—percent—	6.96	10.22	13.42	20.57	21.07	27.30
Total imports to U.S. production—do—	29.47	30.35	29.79	-	-	-
Imports from China to U.S. production—do—	2.05	3.10	4.00	-	-	-
Total imports to new supply—do—	22.76	23.28	22.95	-	-	-
Imports from China to new supply—do—	1.58	2.38	3.08	-	-	-

1/ Includes shipments data for SIC categories 2381 and 2259.

Table 22.--China tableware (MSIC 3262): U.S. imports, total and from China, 1978-81, January-June 1981, and January-June 1982, and U.S. product shipments, 1978-80

Item	1978	1979	1980	1981	January-June--	
					1981	1982
Total U.S. imports--------million dollars---	128.94	119.63	147.14	167.54	82.37	79.17
U.S. imports from China--------do----	1.64	1.61	7.00	15.04	5.83	9.86
U.S. production--------do----	160.70	172.40	218.20	-	-	-
Ratio of--						
Imports from China to total--------percent---	1.27	1.34	4.75	8.98	7.08	12.46
Total imports to U.S. production--------do----	80.23	69.39	67.43	-	-	-
Imports from China to U.S. production--------do----	1.02	0.93	3.21	-	-	-
Total imports to new supply--------do----	44.52	40.96	40.28	-	-	-
Imports from China to new supply--------do----	0.57	0.55	1.91	-	-	-

Table 23.--Artificial trees, flowers, dried plants and grasses; ornamental articles of feathers (MSIC 3962): U.S. imports, total and from China, 1978-81, January-June 1981, and January-June 1982, and U.S. product shipments, 1978-80

Item	1978	1979	1980	1981	January-June--	
					1981	1982
Total U.S. imports--------million dollars---	128.30	122.93	164.64	187.33	72.85	57.29
U.S. imports from China--------do----	3.08	2.25	9.59	18.74	3.85	8.31
U.S. production--------do----	185.70	190.30	211.50	-	-	-
Ratio of--						
Imports from China to total--------percent---	2.40	1.83	5.82	10.00	5.29	14.51
Total imports to U.S. production--------do----	69.09	64.60	77.85	-	-	-
Imports from China to U.S. production--------do----	1.66	1.18	4.53	-	-	-
Total imports to new supply--------do----	40.86	39.25	43.77	-	-	-
Imports from China to new supply--------do----	0.98	0.72	2.55	-	-	-

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APPENDIX A

OTHER MAJOR ITEMS IN U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES

Table A-1--Agricultural items: U.S. exports to the individual nonmarket economy countries and to the world, 1980-81, January-June 1981, January-June 1982, April-June 1981, April-June 1982

Market	1980	1981	January-June--		April-June--	
			1981	1982	1981	1982
	Value (1,000 dollars)					
China	2,209,524	1,956,287	1,035,843	950,637	284,522	444,420
U.S.S.R	1,047,118	1,664,986	798,058	1,642,462	108,933	512,925
Romania	462,595	368,391	300,956	111,515	149,928	56,918
Poland	571,461	592,847	382,935	63,585	109,457	39,541
East Germany	453,248	284,181	197,403	164,510	67,231	48,149
Bulgaria	127,339	197,270	126,797	54,937	62,520	23,434
Hungary	24,419	12,934	4,373	4,555	2,534	2,008
Czechoslovakia	154,574	58,240	39,565	53,014	3,250	25,277
Albania	224	-	-	-	-	-
Mongolia	-		-	175	-	175
Vietnam	-	153	91		91	
Cuba	-		-		-	
North Korea	-	-	-	69		69
Total	5,050,503	5,135,316	2,886,021	3,067,459	788,467	1,152,912
Total, U.S. agricultural exports to the world	41,255,934	43,338,212	23,069,252	20,472,754	10,509,487	10,015,574
	Agricultural exports as a percentage of total exports					
China	58.9	54.3	55.7	55.7	42.0	55.5
U.S.S.R	69.4	71.2	74.9	82.5	41.2	70.7
Romania	64.2	73.1	78.6	65.2	78.3	68.6
Poland	80.4	87.1	87.2	57.8	81.4	55.7
East Germany	94.9	96.2	96.8	94.9	95.5	90.5
Bulgaria	79.2	76.4	82.4	73.6	77.8	62.8
Hungary	30.9	16.7	10.2	12.2	13.6	12.7
Czechoslovakia	83.5	70.7	78.3	84.5	39.8	83.4
Albania	3.3	-	-	-		-
Mongolia	-	-	-	52.4	-	60.5
Vietnam	-	2.0	6.9	-	7.0	-
Cuba	-	-	-	-	-	-
North Korea	-	-	-	75.1	-	75.1
Total	66.5	65.4	68.7	70.1	54.4	63.0
Total, U.S. exports to the world	19.5	18.9	19.5	18.6	17.6	18.0

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Table A-2--U.S. exports of selected major commodities to the nonmarket economy countries (NME's), January-June 1981 and January-June 1982

Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's	
		Jan.-June 1981	Jan.-June 1982	Jan.-June 1981	Jan.-June 1982
		--------Percent--------		----1,000 dollars----	
Cattle hides	Romania	8.3	10.5	28,057	40,742
Cereal grains	U.S.S.R	20.5	30.2	1,963,474	2,357,805
Corn, unmilled	do	21.6	27.8	1,021,978	928,448
Wheat	do	25.5	36.7	941,330	1,429,342
Coal	Romania	1.1	.7	25,862	25,218
Fertilizers	U.S.S.R.	7.7	15.4	104,628	212,468
Magnesium	Romania	2.2	-	1,131	-
Metal ores	U.S.S.R	2.3	9.2	15,171	39,031
Soybean oilcake and meal	Romania	24.9	9.5	239,725	82,424
Soybeans	U.S.S.R.	3.7	8.6	122,467	293,557
Textiles	China	12.8	8.4	669,395	345,302
Cotton	do	24.1	12.7	360,866	167,682
Manmade fibers	do	27.9	22.2	242,444	165,889

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-3.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., January-June 1981 and January-June 1982 1/

Schedule B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's: Jan.-June 1981	Share of total exports accounted for by NME's: Jan.-June 1982	Value of exports to all NME's in Jan.-Mar. 1982
			Percent	Percent	1,000 dollars
480.7025	Phosphoric acid, phosphorus pentxide equivalents	U.S.S.R.	-	96.4	116,611
121.0515	Bovine leather, rough, russet and crust, wet blue, not split	China	65.0	84.9	10,739
8183100	Food products, n.s.p.f. donated for relief or charity by individuals or private agencies	Poland	4.1	75.6	12,909
1765400	Sunflower seed oil	U.S.S.R.	-	69.3	22,678
1210530	Bovine leather, rough, russet and crust, wet blue, split	China	6.6	68.2	24,817
4754555	Insulating or transformer oils	U.S.S.R.	29.2	64.3	16,295
3094242	Polyester fibers in noncontinuous form	China	72.4	58.8	49,794
3100010	Textured yarns, continuous manmade fibers, of nylon, less than 1,000 denier	China	51.0	57.6	96,365
4177100	Barium compounds	Romania	.1	57.6	2,960
8183300	Medicinals and pharmaceuticals donated for relief or charity by individuals or private agencies	Poland	1.7	45.3	8,625
1829725	Wheat-flour-soya blends donated for relief or charity by individuals or private agencies	Poland	-	45.2	3,149
3382932	Woven fabrics wholly of polyester in continuous form	China	-	43.3	3,530
8183900	Commodities n.s.p.f. donated for relief or charity by individuals or private agencies	Poland	7.3	39.9	18,491
1306540	Wheat, unmilled, not donated for relief or charity	U.S.S.R.	25.6	36.8	1,429,342
7118729	Parts, n.s.p.f. for nonelectric scientific instruments	China	-	35.9	1,411
3100026	Continuous yarns, cellulosic fibers	China	34.0	35.0	4,717
6016100	Zinc ore	Bulgaria	35.5	33.7	6,837
6782014	Screening and vibrating machines and trommels for minerals, stationary	U.S.S.R.	-	33.6	2,457
6640577	Rippers and rooters, parts and attachments	U.S.S.R.	23.7	32.9	2,147
6741022	Converters, foundry machines and parts	Bulgaria	3.2	32.5	6,318

1/ Only items which accounted for at least 1 million dollars' worth of exports in January-June 1981 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX B

LEADING U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET ECONOMY COUNTRIES

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Table B-1.—Leading items exported to nonmarket economy countries (NME's), by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June— 1982	April-June— 1981
130.6540	Wheat, unmilled, not donated for relief	$1,429,341,667	$554,151,128	$296,530,180
130.3465	Yellow corn, not donated for relief	926,654,320	450,178,627	270,708,705
175.4100	Soybeans, n.e.s	293,556,571	52,421,354	38,499,134
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	116,610,958	77,800,444	-
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	103,514,445	26,775,805	32,807,678
310.0010	Textured yarns, of polyester	96,364,771	49,996,721	31,154,627
200.3510	Douglas-fir logs and timber, rough	91,521,257	67,655,770	10,586,976
184.5260	Soybean oilcake and meal	82,423,839	10,506,365	72,008,563
300.1550	Other cotton, staple length 1-1/8 inches or more	62,057,660	1,019,182	-
480.8005	Diammonium phosphate fertilizer	49,963,393	15,802,201	21,397,703
309.4242	Polyester fibers, noncontinuous	49,794,123	5,726,858	71,957,882
120.1400	Cattle hides, whole	40,546,938	21,842,097	9,287,722
444.1700	Thermoplastic resins; polypropylene resins	38,155,237	8,439,991	6,305,145
444.1610	Polyethylene resins, low and medium density	35,890,705	16,653,979	3,171,570
664.0584	Parts, n.e.s., of oil and gas field drilling machines	32,309,115	15,786,752	6,018,052
601.2200	Copper ore	32,153,446	18,695,666	-
480.3000	Urea	29,745,836	16,303,939	3,734,980
433.1035	Compound catalysts, n.e.s	27,964,823	2,914,548	449,412
121.0530	Bovine leather, rough, russet, and crust, wet blue, split	24,816,716	7,950,244	153,440
176.5400	Sunflower seed oil	22,678,186	-	-
	Total	3,586,064,006	1,420,621,671	874,771,769
	Total, U.S. exports to Non-market economy countries (NME)	4,349,964,477	1,830,870,153	1,447,734,662

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-2.---Leading items imported from nonmarket economy countries (NME's), by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
475.2520	Gasoline	$208,019,120	$124,505,849	$102,964,058
480.6540	Anhydrous ammonia	50,073,151	24,668,943	11,725,671
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	44,203,286	-	-
107.3525	Canned hams and shoulders, 3 pounds and over	38,540,892	29,037,136	38,658,026
622.0200	Tin, other than alloyed, unwrought	25,719,335	8,891,326	1,739,910
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	23,554,437	10,091,669	11,104,533
755.1500	Fireworks	20,230,602	12,286,235	9,172,954
475.3500	Naphthas, derived from petroleum, etc., n.e.s	18,655,002	15,138,868	36,389,091
472.1000	Barytes ore, crude	13,718,142	7,670,256	7,213,755
605.0260	Palladium	13,674,416	6,773,829	7,701,624
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	12,083,770	3,756,015	6,413,362
156.3500	Cocoa butter	10,621,589	1,641,410	791,956
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	10,077,585	3,606,222	2,358,404
383.9050	Women's coats, n.e.s., 3/4 length or longer	9,522,662	2,670,678	-
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	8,906,377	6,794,318	1,303,546
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	8,818,418	1,819,886	4,286,407
620.0300	Nickel, unwrought	8,803,859	2,607,851	27,349,569
222.4000	Baskets and bags of bamboo	8,468,112	4,037,022	4,506,275
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	8,111,301	2,665,547	3,248,087
692.3288	Parts for motor vehicles, n.e.s	7,817,528	3,520,162	4,484,328
	Total	549,619,584	272,183,222	281,411,556
	Total, U.S. imports from Non-market economy countries (NME)	1,545,226,633	762,995,784	903,692,266

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-3.---Leading items exported to China, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
130.6540	Wheat, unmilled, not donated for relief	$624,502,802	$350,067,772	$222,554,899
300.1060	Cotton, not carded, staple length 1 to 1-1/8 inches	103,514,445	26,775,805	31,877,769
310.0010	Textured yarns, of polyester	96,216,819	49,848,769	31,154,627
200.3510	Douglas-fir logs and timber, rough	91,521,257	67,655,770	10,586,976
130.3465	Yellow corn, not donated for relief	82,115,061	42,152,724	5,874,867
175.4100	Soybeans, n.e.s	63,224,783	15,923,770	23,208,215
300.1550	Other cotton, staple length 1-1/8 inches or more	62,057,660	1,019,182	-
309.4242	Polyester fibers, noncontinuous	49,506,799	5,594,223	71,957,882
480.8005	Diammonium phosphate fertilizer	44,848,661	15,802,201	21,397,703
444.1700	Thermoplastic resins; polypropylene resins	38,155,237	8,439,991	6,304,105
444.1610	Polyethylene resins, low and medium density	35,874,191	16,637,465	3,171,570
480.3000	Urea	29,745,836	16,303,939	3,734,980
433.1035	Compound catalysts, n.e.s	25,232,718	1,592,579	135,373
121.0530	Bovine leather, rough, russet, and crust, wet blue, split	24,816,716	7,950,244	153,440
664.0584	Parts, n.e.s., of oil and gas field drilling machines	24,713,575	9,505,310	4,562,750
200.3514	Western hemlock logs, timber	22,566,177	15,128,242	4,537,643
444.1620	Polyethylene resins, high density	16,111,537	9,113,127	2,550,997
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	10,738,996	7,689,432	-
252.7810	Kraft linerboard	7,649,956	3,997,104	16,678,151
309.4245	Acrylic and modacrylic fibers (in noncontinuous form)	7,614,050	5,774,450	7,513,603
	Total	1,460,727,276	676,972,099	467,955,550
	Total, U.S. exports to China	1,705,459,849	800,944,047	677,443,634

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-4.---Leading items imported from China, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
475.2520	Gasoline	$147,046,895	$80,490,825	$45,213,681
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	44,203,286	-	-
622.0200	Tin, other than alloyed, unwrought	25,719,335	8,891,326	1,739,910
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	21,425,997	8,796,952	9,941,539
755.1500	Fireworks	20,230,602	12,286,235	9,172,954
475.3500	Naphthas, derived from petroleum, etc., n.e.s	18,655,002	15,138,868	11,335,945
472.1000	Barytes ore, crude	13,718,142	7,670,256	7,213,755
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	12,083,770	3,756,015	6,413,362
156.3500	Cocoa butter	10,621,589	1,641,410	791,956
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	9,689,936	3,370,019	1,476,203
222.4000	Baskets and bags of bamboo	8,468,112	4,037,022	4,491,781
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	8,111,301	2,665,547	3,248,087
383.9050	Women's coats, n.e.s., 3/4 length or longer	7,891,416	1,293,850	-
383.3448	Women's 3/4 length raincoats, n.e.s.,cotton, not knit	6,922,305	6,922,305	1/ -
700.6400	Rubber or plastic soled, n.e.s., valued not over $30 per pair	6,567,696	4,091,042	-
379.9550	Men's sport shirts, not knit, manmade fibers	6,423,644	2,618,541	-
383.9015	Women's blouses and shirts, n.e.s., manmade fibers, not knit	6,203,486	3,129,281	2/ -
383.4753	Women's corduroy trousers and slacks, cotton	6,194,143	5,724,536	3/ -
141.7000	Water chestnuts	6,027,694	5,321,971	3,277,761
704.4010	Gloves, of cotton, without fourchettes	5,869,263	2,953,556	1,755,876
	Total 4/	392,073,614	180,799,557	106,072,810
	Total, U.S. imports from China	1,002,017,159	482,036,936	489,320,530

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 383.3455.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8137.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.3353.
4/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-5.---Leading items exported to the U.S.S.R., by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
130.6540	Wheat, unmilled, not donated for relief	$796,534,596	$201,508,193	$58,144,282
130.3465	Yellow corn, not donated for relief	629,332,433	302,271,184	26,215,175
175.4100	Soybeans, n.e.s	171,263,724	7,359,800	-
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	116,610,958	77,800,444	-
601.2200	Copper ore	32,153,446	18,695,666	-
176.5400	Sunflower seed oil	22,678,186	-	-
517.5120	Petroleum coke, calcined	21,493,051	11,133,434	8,972,000
692.3820	Parts of tracklaying tractors, n.s.p.f	17,464,290	9,256,217	12,262,644
475.4555	Insulating or transformer oils	16,294,581	10,407,831	5,161,442
790.5510	Pressure-sensitive tape, with plastic backing	14,434,286	7,536,968	9,960,199
692.3160	Tracklaying tractors, new, with net engine horsepower of 345 and over	14,025,354	12,686,164	18,727,300
177.5640	Tallow, inedible	12,722,940	-	11,089,523
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	10,531,486	7,162,448	9,943,796
475.4580	Lubricating oils, n.s.p.f., except white mineral oils	8,964,699	6,793,713	14,222
145.4300	Shelled almonds, not blanched	7,838,420	1,695,870	1,089,040
664.0584	Parts, n.e.s., of oil and gas field drilling machines	6,101,645	6,099,221	957,096
660.5440	Parts of tractor engines	5,350,288	1,564,421	2,693,672
790.4600	Sausage casings, n.s.p.f	3,935,605	1,819,017	-
446.1521	Neoprene rubber	3,790,101	-	913,214
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	3,653,606	866,616	1,601,835
	Total	1,915,173,695	684,657,207	167,745,440
	Total, U.S. exports to the U.S.S.R.	1,991,441,306	725,030,120	264,380,028

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-6.--Leading items imported from the U.S.S.R., by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
480.6540	Anhydrous ammonia	$50,073,151	$24,668,943	$11,725,671
605.0260	Palladium	13,674,416	6,773,829	7,701,624
475.2520	Gasoline	10,340,507	10,340,507	-
620.0300	Nickel, unwrought	8,803,859	2,607,851	27,349,569
480.3000	Urea, n.e.s	3,931,412	-	-
124.1045	Sable furskins, whole, undressed	3,340,857	592,707	234,619
169.3800	Vodka, in containers holding not over 1 gallon, valued over $7.75 per gallon	2,482,906	1,336,265	1,405,433
480.5000	Potassium chloride, crude	2,109,909	1,116,909	-
605.2060	Gold dore and gold precipitates, not bullion	2,085,936	2,000,000	64,794
605.0220	Platinum sponge	1,777,557	442,328	1,461,721
605.0290	Platinum group metals and combinations, n.e.s	1,663,008	260,880	313,530
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	1,629,077	605,660	582,400
618.0400	Aluminum silicon	1,543,338	1,543,338	-
605.0270	Rhodium	1,298,604	633,925	604,595
100.0110	Horses, male, for breeding	1,242,000	-	-
612.0640	Copper, unwrought, not alloyed, n.e.s	1,012,484	-	-
169.3700	Vodka, not over 1 gallon, valued not over $7.75 per gallon	981,683	671,538	199,139
605.0750	Palladium bars, plates, etc	959,674	415,538	172,903
240.1440	Plywood, with face ply of birch, not face finished	929,847	201,498	633,476
605.0710	Platinum bars, plates, etc	840,173	215,780	432,611
	Total	110,720,398	54,427,496	52,882,085
	Total, U.S. imports from the U.S.S.R.	119,248,171	58,220,094	69,006,327

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-7.---Leading items exported to Eastern Europe, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
130.3465	Yellow corn, not donated for relief	$215,206,826	$105,754,719	$238,618,663
184.5260	Soybean oilcake and meal	82,423,839	10,506,365	72,008,563
175.4100	Soybeans, n.e.s	59,068,064	29,137,784	15,290,919
120.1400	Cattle hides, whole	33,716,636	17,816,570	9,287,722
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	12,909,353	5,458,665	137,114
521.3110	Low volatile bituminous coal	11,179,565	3,938,383	2,162,250
480.7050	Concentrated superphosphates	10,358,038	8,259,009	3,232,137
130.6540	Wheat, unmilled, not donated for relief	8,304,269	2,575,163	15,830,999
818.3900	Products, n.e.s., donated for relief	7,262,596	2,813,494	344,120
818.3300	Medicine, etc., donated for relief	7,214,179	4,583,743	16,300
601.6100	Zinc ore	6,837,201	6,837,201	2,420,336
674.1022	Converters, including foundry machines and parts, n.e.s	6,317,577	6,313,900	-
521.3120	Bituminous coal, n.e.s	6,155,213	1,481,709	6,865,919
415.4500	Sulfur, native elemental or recovered	5,775,046	4,546,441	7,223,222
480.4500	Phosphates, crude, and apatite	5,758,437	5,304,492	4,379,845
480.8005	Diammonium phosphate fertilizer	5,114,732	-	-
177.5640	Tallow, inedible	4,740,906	2,199,354	934,223
182.9715	Corn-soya-milk blends, donated for relief or charity	4,712,497	2,656,242	-
116.0100	Butter	4,552,321	2,825,942	9,369,972
176.5260	Soybean oil, donated for relief or charity	3,809,546	1,747,642	-
	Total	501,416,841	224,756,818	388,122,304
	Total, U.S. exports to Eastern Europe	632,466,022	290,640,610	503,582,595

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-8.---Leading items imported from Eastern Europe, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
475.2520	Gasoline	$50,631,718	$33,674,517	$57,750,377
107.3525	Canned hams and shoulders, 3 pounds and over	38,540,892	29,037,136	38,658,026
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	8,818,418	1,819,886	4,286,407
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	8,794,183	6,742,874	1,285,147
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	7,759,022	4,143,713	3,215,758
692.3288	Parts for motor vehicles, n.e.s	7,323,735	3,075,536	4,481,728
110.4740	Pollock blocks, frozen, over 10 pounds	7,059,882	1,282,715	4,903,482
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	6,966,653	2,755,334	4,002,422
192.2520	Hops, not in pellets	6,797,482	2,654,721	-
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	6,448,829	4,202,010	2,441,061
686.9030	Other lamps, including standard household	6,005,357	2,906,204	2,803,157
700.3550	Men's footwear, of leather, n.e.s., cement soles	5,680,689	3,500,923	4,899,580
692.3460	Parts for agricultural tractors	5,454,986	1,063,993	2,637,222
379.8355	Men's wool suits, not knit, not ornamented	5,370,119	2,954,832	-
130.3000	Seed corn or maize, certified	5,041,433	150,540	25,149
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	4,956,254	1,994,220	-
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	4,721,247	2,804,931	4,219,036
610.3920	Oil well casing, other than alloy steel, not advanced	4,703,936	2,075,996	3,438,984
727.3540	Furniture, of wood, n.s.p.f	4,680,227	2,335,594	1,619,361
692.0440	Motor buses, other (including diesel)	4,470,720	1,052,640	2,220,254
	Total	200,225,782	110,228,315	142,887,151
	Total, U.S. imports from Eastern Europe	419,509,737	220,614,096	343,070,427

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-9.—Leading items exported to Romania, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
175.4100	Soybeans, n.e.s	$50,601,009	$23,480,523	$8,336,584
130.3465	Yellow corn, not donated for relief	29,330,041	27,235,553	92,242,632
120.1400	Cattle hides, whole	17,684,497	5,861,749	6,818,372
184.5260	Soybean oilcake and meal	14,257,920	-	35,567,248
521.3110	Low volatile bituminous coal	11,179,565	3,938,383	2,162,250
521.3120	Bituminous coal, n.e.s	6,155,213	1,481,709	6,865,919
415.4500	Sulfur, native elemental or recovered	4,546,441	4,546,441	7,223,222
417.7100	Barium compounds	2,959,984	21,802	-
404.0580	Hydrocarbons, except derivatives, n.e.s	2,287,037	-	-
486.2900	Insecticides, unmixed, n.e.s	2,268,000	-	-
601.6100	Zinc ore	2,025,951	2,025,951	-
676.5560	Parts for automatic data processing machines and units, n.s.p.f	1,727,909	1,044,653	1,116,074
712.5052	Recording instruments and apparatus for measuring elctrical	1,677,650	1,505,000	9,060
678.3560	Parts of molding or forming machines, for rubber or plastic articles,	1,640,000	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	1,503,802	727,802	591,360
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	1,404,740	1,404,740	-
433.1035	Compound catalysts, n.e.s	1,296,578	-	314,039
446.1521	Neoprene rubber	1,248,676	706,596	178,554
401.0134	Hydrocarbons, para-xylene	1,139,270	1,139,270	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	1,101,074	79,998	304,692
	Total	156,035,357	75,200,170	161,730,006
	Total, U.S. exports to Romania	174,100,108	82,977,188	191,453,398

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-10.—Leading items imported from Romania, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
475.2520	Gasoline	$50,631,718	$33,674,517	$57,750,377
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	8,321,347	1,650,177	3,726,706
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	6,479,080	2,383,266	4,002,422
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	6,315,031	4,724,422	93,021
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	4,956,254	1,994,220	-
727.3540	Furniture, of wood, n.s.p.f	4,387,037	2,228,361	1,408,129
107.3525	Canned hams and shoulders, 3 pounds and over	4,104,177	1,622,066	2,448,150
383.9060	Women's suits, manmade fibers, not knit, n.e.s	3,161,470	2,636,456	1/ -
130.3000	Seed corn or maize, certified	2,640,016	25,153	25,149
690.3560	Parts of cars, other	2,512,490	-	3,361,415
660.9756	Reciprocating pumps, other, except parts	2,491,997	1,477,976	2,647,373
383.7550	Women's suits, n.e.s., not knit, wool	2,452,225	1,979,717	2/ -
700.3515	Men's and boys' athletic footwear, of leather, n.e.s	2,424,266	1,001,473	953,843
700.3550	Men's footwear, of leather, n.e.s., cement soles	2,361,278	1,422,815	2,559,640
680.3712	Ball bearings, radial ball bearings, outside diameter over 30-mm but not over 52-mm	2,124,689	1,163,516	966,752
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	1,995,459	1,169,714	1,149,114
727.1500	Furniture and parts, of bentwood	1,985,359	1,244,213	815,559
610.4933	Pipes and tubes, n.e.s., 4.5 to 16 inches	1,932,134	1,611,339	-
383.3415	Women's cotton raincoats, n.e.s.,3/4 length or longer	1,805,607	-	-
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	1,760,908	1,209,654	2,632,248
	Total 3/	114,842,542	63,219,055	84,539,898
	Total, U.S. imports from Romania	183,561,553	96,154,019	177,358,135

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted items 382.7866 and 382.7868.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.6340.

3/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-11.—Leading items exported to Poland, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
818.3100	Food products, n.s.p.f., donated for relief or charity by individuals or private agencies	$12,909,353	$5,458,665	$137,114
120.1400	Cattle hides, whole	12,806,672	10,891,853	1,042,881
480.7050	Concentrated superphosphates	8,259,009	8,259,009	-
818.3900	Products, n.e.s., donated for relief	7,258,768	2,809,666	342,620
818.3300	Medicine, etc., donated for relief	7,214,179	4,583,743	16,300
175.4100	Soybeans, n.e.s	5,657,261	5,657,261	6,718,394
480.4500	Phosphates, crude, and apatite	5,304,492	5,304,492	-
177.5640	Tallow, inedible	4,740,906	2,199,354	930,393
182.9715	Corn-soya-milk blends, donated for relief or charity	4,712,497	2,656,242	-
116.0100	Butter	4,552,321	2,825,942	9,369,972
176.5260	Soybean oil, donated for relief or charity	3,809,546	1,747,642	-
131.4030	Wheat flour, n.e.s., donated for relief or charity	3,517,694	2,995,604	-
818.3400	Apparel, donated for relief	3,323,344	1,207,936	93,750
182.9725	Wheat-soya-milk blends, donated for relief or charity	3,149,130	1,458,861	-
115.5700	Nonfat dry milk, containing not over 3 percent of butterfat, other	2,149,494	854,213	4,270,553
818.4000	Used wearing apparel, and other used articles exported in bulk	1,653,439	1,392,009	223,067
117.8600	Cheeses, except Cheddar and other American-type cheeses	1,571,452	633,600	-
692.3820	Parts of tracklaying tractors, n.s.p.f	1,539,436	1,004,692	1,984,915
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	1,335,151	754,432	94,202
115.5020	Nonfat dry milk, donated for relief or charity	884,126	293,908	-
	Total	96,348,270	62,989,124	25,224,161
	Total, U.S. exports to Poland	110,013,009	71,015,536	134,537,991

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-12.--Leading items imported from Poland, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
107.3525	Canned hams and shoulders, 3 pounds and over	$23,323,202	$20,679,643	$29,771,997
110.4740	Pollock blocks, frozen, over 10 pounds	7,059,882	1,282,715	4,903,482
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	4,022,442	3,214,303	2,139,007
862.1000	Articles for exhibition, for encouragement of agriculture, art, etc	4,000,000	-	-
192.2520	Hops, not in pellets	2,700,746	1,436,166	-
379.8355	Men's wool suits, not knit, not ornamented	2,568,032	1,335,911	-
383.3415	Women's cotton raincoats, n.e.s.,3/4 length or longer	2,418,494	501,525	-
672.1620	Sewing machines, other	2,409,321	1,960,637	991,942
674.3512	Machine tools, metal-cutting, engine or toolroom	1,916,136	1,438,647	1,942,176
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	1,872,304	1,654,240	938,386
700.3550	Men's footwear, of leather, n.e.s., cement soles	1,718,469	1,235,571	1,753,094
336.6249	Worsteds, valued over $2 but not over $9 per pound	1,536,485	697,882	-
694.4143	Airplanes, single engine	1,465,280	1,275,280	-
709.4500	Artificial respiration appliances, including gas masks and similar respirators	1,341,848	612,969	-
379.6215	Men's suit-type coats and jackets imported as parts of suits, cotton, not knit	1,246,495	1,007,711	1/ -
660.9200	Fuel injection pumps	1,211,767	369,461	955,140
146.7630	Strawberries in containers holding more than 40 ounces	1,113,521	906,594	551,400
727.1500	Furniture and parts, of bentwood	1,023,574	805,472	1,051,406
110.4710	Cod blocks, frozen, over 10 pounds	1,011,319	1,011,319	1,323,970
674.3223	Combination boring, drilling, and milling machines, other	1,010,559	335,873	552,542
	Total	64,969,876	41,761,919	46,874,542
	Total, U.S. imports from Poland	101,019,772	64,927,204	103,191,750

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.3941.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-13.--Leading items exported to East Germany, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
130.3465	Yellow corn, not donated for relief	$128,139,122	$45,073,197	$46,388,666
184.5260	Soybean oilcake and meal	27,537,098	-	10,951,500
130.6540	Wheat, unmilled, not donated for relief	8,304,269	2,575,163	9,414,740
601.6100	Zinc ore	1,601,250	1,601,250	-
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	1,371,822	83,888	62,772
250.0281	Wood pulp, sulphate and soda, bleached, softwood	700,150	700,150	-
709.1690	Parts of electromedical therapeutic apparatus	562,179	545,359	-
712.5040	Tesing apparatus for electrical instruments	481,185	-	1,968
480.4500	Phosphates, crude, and apatite	453,945	-	-
724.4535	Tape for video or video and audio recording	408,050	231,809	2,051
124.1527	Muskrat furskins, whole, undressed	397,935	397,935	-
818.9000	General merchandise, valued not over $500	335,194	149,627	197,633
207.0035	Wooden pencil slats	286,653	-	-
678.3524	Injection-molding machines for use in processing rubber or	265,078	265,078	1/ -
442.4400	Antacids	214,403	214,403	-
355.0740	Paddings, waddings, and upholstery fillings, of manmade fibers, other	172,396	118,234	319,377
661.9880	Parts, n.s.p.f., of filtering and purifying equipment	131,022	125,414	151,921
170.6500	Cigarettes	126,490	-	-
300.3021	Cotton linters, n.e.s	110,336	82,172	77,148
423.1090	Inorganic compounds, other	108,881	78,361	-
	Total 2/	171,707,458	52,242,040	67,567,776
	Total, U.S. exports to East Germany	173,438,175	53,196,131	70,424,608

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 678.3520.
2/ Because of changes in the Schedule B trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-14.—Leading items imported from East Germany, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
480.5000	Potassium chloride, crude	$3,290,227	$1,027,898	$2,226,968
480.3000	Urea, n.e.s	1,760,000	-	-
772.5109	Passenger car tires, radial	1,487,588	310,318	-
124.1025	Mink furskins, except "Japanese mink," undressed	1,306,079	511,959	76,275
668.2345	Printing presses, not letter or offset	1,290,376	688,090	50,403
772.5112	Passenger car tires other than radial	1,083,826	595,448	-
494.2000	Montan wax	1,011,540	381,072	340,506
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	864,706	-	1,182,239
121.5000	Pig and hog leather	685,911	227,000	207,600
678.5085	Combination machines containing tape players, other	673,685	2,859	33,331
772.5136	Truck and bus tires, radial	639,506	478,199	-
772.5138	Truck and bus tires, other than radial	615,300	366,766	-
546.6840	Tableware, kitchen ware, and cooking ware, valued over $5 each	589,115	203,654	158,018
668.5060	Parts of printing presses	459,763	183,567	203,684
674.3283	Boring machines, including vertical turret lathes, n.e.s	421,908	410,988	-
999.9500	Formal and informal entries, $250 and under, estimated	331,700	196,800	-
772.5127	Radial tires for light trucks	329,999	226,530	1/ -
546.6040	Tableware, etc., valued over $0.30 but not over $3	322,595	116,501	197,932
546.2020	Tumblers, goblets, and other stemware	297,602	35,149	84,433
421.0800	Sodium hydroxide	294,170	294,170	-
	Total 2/	17,755,596	6,256,968	4,761,389
	Total, U.S. imports from East Germany	25,183,805	10,240,789	11,298,379

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 772.5115.

2/ Because of changes in the TSUSA trade classifications from 1981 to 1982, comparisons are not possible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-15.--Leading items exported to Hungary, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
480.8005	Diammonium phosphate fertilizer	$5,114,732	-	-
692.3840	Parts, n.e.s., of other tractors, n.s.p.f	2,283,307	748,843	1,613,269
480.7050	Concentrated superphosphates	2,099,029	-	1,264,713
120.1400	Cattle hides, whole	1,420,341	421,163	580,209
435.7700	Cardiovascular drugs	1,117,967	1,117,967	-
540.4200	Glass rods, tubes, and tubing	960,548	479,673	886,086
310.0009	Textured yarns, of nylon, 1,000 and over	933,603	487,277	-
130.3440	Corn seed, except sweet, not donated for relief	887,267	744,907	518,175
660.4872	Gasoline engines, not automobile or marine, under 6 brake horsepower	862,628	448,724	207,832
346.0600	Cotton pile fabrics, corduroys	818,013	656,267	9,750
692.2926	Brake linings and disc brake pads for automobiles and trucks	808,121	13,664	189,301
688.4060	Electrical articles and parts, n.s.p.f	744,727	205,029	88,294
692.1680	Special-purpose vehicles, nonmilitary, n.s.p.f	677,487	-	1,200,000
772.5000	Pneumatic tires for agricultural machinery	655,778	478,220	147,298
792.1020	Unfilled gelatin capsules	510,733	228,600	-
692.2985	Parts, n.s.p.f., of motor-vehicle chassis, bodies, etc	509,581	192,943	170,010
123.0000	Sheep, etc., furskins, whole, undressed	471,275	-	-
182.9752	Vegetable protein isolates	376,476	168,488	206,742
676.5560	Parts for automatic data processing machines and units, n.s.p.f	375,465	197,722	86,383
401.0500	Nitrogen-containing compounds including acridine, carbazole, collidines, indole, lutidines, picolines, and pyridine	335,364	-	-
	Total	21,962,442	6,589,487	7,168,062
	Total, U.S. exports to Hungary	37,447,004	15,817,052	18,634,133

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-16.--Leading items imported from Hungary, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$8,659,369	$5,426,178	$5,308,205
692.3288	Parts for motor vehicles, n.e.s	7,268,311	3,041,024	4,418,890
686.9030	Other lamps, including standard household	5,804,584	2,705,431	2,758,309
692.3460	Parts for agricultural tractors	4,707,726	781,242	2,243,252
692.0440	Motor buses, other (including diesel)	4,200,720	782,640	2,220,254
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	2,747,196	1,401,410	1,288,900
130.3000	Seed corn or maize, certified	2,401,417	125,387	-
678.3220	Machines for assembling electric filament and discharge lamps, n.e.s	1,830,640	267,748	937,202
379.8355	Men's wool suits, not knit, not ornamented	1,659,099	1,316,819	-
700.4560	Women's footwear, of leather, n.e.s., valued over $2.50 per pair	1,307,240	350,117	109,407
618.2565	Aluminum sheets and strip, not clad, wrought	999,814	234,656	-
735.2020	Puzzles and parts thereof	860,533	860,533	289
383.7550	Women's suits, n.e.s., not knit, wool	821,550	820,890	1/ -
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	811,423	523,353	258,589
674.3211	Boring, drilling, and milling machines, other	802,439	352,000	-
161.7100	Paprika, ground or unground	774,820	154,213	229,341
772.5136	Truck and bus tires, radial	540,652	396,986	-
186.1565	Downs, not meeting Federal standards	526,055	526,055	60,280
680.3717	Ball bearings over 52-mm but not over 100-mm	509,432	107,842	4,942
107.3040	Bacon, not boned and cooked	494,513	411,338	327,336
	Total	47,727,533	20,585,862	20,165,196
	Total, U.S. imports from Hungary	65,987,780	29,812,656	29,092,415

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.6340.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-17.--Leading items exported to Czechoslovakia, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June--	
			1982	1981
130.3465	Yellow corn, not donated for relief	$30,761,440	$20,428,593	$628,311
184.5260	Soybean oilcake and meal	17,240,495	4,188,930	-
175.4100	Soybeans, n.e.s	2,809,794	-	-
678.5090	Concrete and bituminous pavers, finishers, and spreaders, parts	1,961,352	1,957,549	7,447
120.1400	Cattle hides, whole	1,784,305	620,984	846,260
486.2900	Insecticides, unmixed, n.e.s	699,426	-	386,175
670.1220	Textile machines, reeling or winding	689,840	-	515,506
207.0035	Wooden pencil slats	663,263	282,924	316,154
381.1520	Men's and boys' denim slacks, of cotton, not knit	508,236	-	-
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	410,896	290,187	101,309
310.0026	Yarns of cellulosic fibers, other	366,386	150,973	275,833
540.4200	Glass rods, tubes, and tubing	339,639	236,486	204,711
818.9000	General merchandise, valued not over $500	309,894	195,168	50,496
660.4965	Gas turbines, for mechanical drives	249,469	-	-
712.1520	Radiation-measuring and radiation-detecting instruments, n.s.p.f	237,676	176,551	192,691
124.1527	Muskrat furskins, whole, undressed	230,100	-	519,750
433.1035	Compound catalysts, n.e.s	225,249	111,691	-
687.6047	Microprocessors, n.e.s	196,350	196,350	239,039
676.5560	Parts for automatic data processing machines and units, n.s.p.f	135,985	67,591	65,848
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	132,575	57,906	254,775
	Total	59,952,370	28,961,883	4,604,305
	Total, U.S. exports to Czechoslovakia	62,829,083	30,298,596	8,156,079

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-18.—Leading items imported from Czechoslovakia, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
610.3920	Oil well casing, other than alloy steel, not advanced	$4,530,730	$2,023,306	$1,530,263
192.2520	Hops, not in pellets	4,096,736	1,218,555	-
107.3525	Canned hams and shoulders, 3 pounds and over	2,454,144	1,309,249	1,129,674
700.2940	Welt work footwear, of leather, valued over $6.80 per pair	1,997,618	1,015,469	1,551,203
700.3550	Men's footwear, of leather, n.e.s., cement soles	1,600,942	842,537	586,846
336.6241	Woven fabrics of wool, not over 10 ounces per square yard	930,731	476,200	-
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	733,071	404,726	482,214
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	731,228	251,739	242,224
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	606,848	364,212	253,740
727.1500	Furniture and parts, of bentwood	573,909	336,701	287,510
741.3000	Beads, bugles, and spangles, n.e.s	498,768	262,380	182,279
545.5700	Glass prisms for chandeliers, etc	481,099	254,728	177,399
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon	460,202	319,147	248,765
437.3000	Antibiotics, natural and not artificially mixed	458,906	164,904	236,984
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	457,755	130,393	559,701
670.1600	Circular knitting machines for hosiery	456,640	87,249	175,035
674.3512	Machine tools, metal-cutting, engine or toolroom	434,850	92,467	255,245
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	396,448	280,943	-
741.3500	Imitation gemstones, except imitation gemstone beads	390,565	157,521	253,031
670.7430	Parts of power-driven weaving machines	387,278	102,079	116,957
	Total	22,678,468	10,094,505	8,269,070
	Total, U.S. imports from Czechoslovakia	32,012,955	13,957,959	17,488,614

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-19.—Leading items exported to Bulgaria, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June--	
			1982	1981
130.3465	Yellow corn, not donated for relief	$26,976,223	$13,017,376	$42,448,051
184.5260	Soybean oilcake and meal	23,388,326	6,317,435	13,792,345
674.1022	Converters, including foundry machines and parts, n.e.s	6,286,280	6,286,280	-
601.6100	Zinc ore	3,210,000	3,210,000	2,420,336
170.3340	Burley cigarette filler tobacco, stemmed	1,816,798	1,816,798	1,610,672
666.0046	Machines for cleaning seed and grain and for sorting and	1,663,163	1,663,163	-
140.0300	Great northern beans, except seed, dried, etc	1,471,435	1,471,435	698,897
415.4500	Sulfur, native elemental or recovered	1,228,605	-	-
170.3320	Flue-cured cigarette filler tobacco, stemmed	998,406	647,461	3,450,041
250.0284	Wood pulp, special alpha and dissolving grades	779,048	-	-
792.1020	Unfilled gelatin capsules	680,688	204,713	-
710.1020	Depth-sounding apparatus, and parts thereof	462,480	462,480	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	361,885	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	319,286	54,297	6,365
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	298,320	244,037	114,860
664.0533	Excavators, crawler mounted, hydraulic, new	288,935	-	-
668.0220	Machines for making rigid containers from pulp and paper products	273,703	-	-
678.4525	Tobacco processing machines, other, and parts thereof	258,000	-	-
674.3525	Vertical lathes, excluding vertical turret lathes, n.e.s	218,050	218,050	-
712.5005	Electrical measuring apparatus for internal combustion engines	203,440	-	-
	Total	71,183,071	35,613,525	64,541,567
	Total, U.S. exports to Bulgaria	74,638,643	37,336,107	80,376,386

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-20.--Leading items imported from Bulgaria, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	$7,759,022	$4,143,713	$3,215,758
676.0530	Typewriters, nonelectric, nonautomatic, portable	1,325,728	403,145	671,426
117.6700	Pecorino cheese, not for grating	727,594	270,914	240,000
452.6000	Rose oil or attar of roses	637,741	171,780	-
167.3020	Wine, not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	454,913	150,738	78,450
674.3512	Machine tools, metal-cutting, engine or toolroom	168,183	-	117,740
439.1090	Natural drugs, n.e.s., crude	154,474	34,573	46,746
439.3090	Natural drugs, n.e.s., advanced	71,412	71,412	2,756
676.0510	Typewriters, electric, nonautomatic, portable	59,446	59,446	151,330
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	57,549	23,686	-
161.5500	Mint leaves, crude or not manufactured	49,097	26,526	17,425
379.8735	Men's wearing apparel, n.e.s., silk, not knit	24,188	24,188	1/ -
999.9500	Formal and informal entries, $250 and under, estimated	20,000	-	-
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating	19,795	19,795	14,755
161.7100	Paprika, ground or unground	19,035	-	-
112.8200	Sardines, valued over 30 cents per pound, not smoked	18,565	18,565	-
379.4670	Men's coats, n.e.s., cotton	16,951	16,951	2/ -
379.6976	Men's suits, subject to man-made fiber restraints	15,741	15,741	3/ -
674.3227	Machine tools for drilling, other, valued under $2,500 each	15,600	-	-
687.8700	Transistors and other electronic crystal components, n.e.s	15,095	900	-
	Total	11,630,129	5,452,073	4,556,386
	Total, U.S. imports from Bulgaria	11,743,872	5,521,469	4,641,134

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.7535.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.1295.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.5176.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-21.—Leading items exported to Vietnam, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June-- 1982	April-June-- 1981
818.3900	Products, n.s.s., donated for relief	$10,945,784	$6,285,868	$418,821
818.9000	General merchandise, valued not over $500	2,332,986	1,157,387	111,313
818.3300	Medicine, etc., donated for relief	1,038,328	1,011,764	151,007
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f	36,100	20,900	-
818.3400	Apparel, donated for relief	18,400	-	493,099
772.0400	Household articles of rubber or plastics, n.s.p.f	17,850	17,850	39,922
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	7,527	7,527	-
442.6100	Corticosteroid preparations	2,336	2,336	-
676.0570	Typewriters, nonautomatic, not portable	1,833	1,833	-
547.6020	Laboratory glassware, whether or not graduated or calibrated	1,505	-	-
711.8038	Nonelectrical dial indicating pressure gauges, and parts	1,269	1,269	-
694.6507	Parts for aircraft and spacecraft, other	1,000	1,000	-
709.1200	Blood pressure apparatus, and parts thereof	702	-	-
	Total	14,405,620	8,507,734	1,214,162
	Total, U.S. exports to Vietnam	14,405,620	8,507,734	1,319,017

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-22.--Leading items imported from Vietnam, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
653.2200	Metal coins, n.e.s	-	-	-
	Total	-	-	-
	Total, U.S. imports from Vietnam	-	-	6,000

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-23.—Leading items exported to Albania, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June--	
			1982	1981
521.3110	Low volatile bituminous coal	$3,056,737	$3,056,737	$965,121
521.3120	Bituminous coal, n.e.s	1,903,390	1,903,390	-
309.3270	Grouped filaments and strips, n.e.s	271,895	44,343	-
688.1900	Insulated wire and cable, n.s.p.f	31,509	31,509	-
438.1090	Blood and blood derivatives, except for passive immunization, n.e.s	13,032	13,032	4,324
661.3510	Household refrigerators and refrigerator-freezers, under 13.5 cubic feet	625	-	-
684.3035	Cooking stoves and ranges, and parts, household, not microwave	520	-	-
818.3900	Products, n.e.s., donated for relief	520	520	-
	Total	5,278,228	5,049,531	969,445
	Total, U.S. exports to Albania	5,278,228	5,049,531	971,745

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-24.—Leading items imported from Albania, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
161.9400	Sage, unground	$778,853	$322,687	$568,755
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	293,739	4,307	277,152
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	121,903	121,903	-
161.0300	Basil, crude	24,899	24,899	-
439.1090	Natural drugs, n.e.s., crude	16,737	-	15,494
653.2200	Metal coins, n.e.s	3,600	808	8,700
654.0525	Cooking and kitchen ware, of copper, not brass	3,435	-	-
709.6120	X-ray tubes	1,995	-	-
146.6600	Dried berries	1,751	-	-
193.2560	Vegetable substances, crude, n.s.p.f	883	883	1,611
654.0535	Articles n.s.p.f. of aluminum, not enameled or glazed, not containing non-stick interior finish	576	-	-
	Total	1,248,371	475,487	871,712
	Total, U.S. imports from Albania	1,248,371	475,487	996,162

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-25.—Leading items exported to Mongolia, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June— 1982	April-June— 1981
120.1400	Cattle hides, whole	$175,000	$175,000	-
711.8710	Chemical-analysis equipment and parts, electrical, n.s.p.f	82,187	82,187	-
660.9470	Turbine pumps	28,900	-	-
818.3900	Products, n.e.s., donated for relief	12,269	3,210	-
274.4000	Postage and revenue stamps	10,000	10,000	-
661.6504	Solar energy collectors	8,595	8,595	1/ -
686.9060	Electric lamps, n.e.s	4,629	4,629	-
547.6020	Laboratory glassware, whether or not graduated or calibrated	3,870	-	-
687.6055	Photosensitive solar cells	2,495	2,495	-
709.3000	Medical, dental, surgical, and veterinary inwtruments, n.s.p.f	2,039	-	-
711.8750	Chemical- or physical-analysis equipment and parts, electrical, n.s.p.f	1,519	941	-
653.4680	Stoves and furnaces for heating, other purposes	1,500	1,500	-
676.0570	Typewriters, nonautomatic, not portable	833	833	-
	Total 1/	333,836	289,390	-
	Total, U.S. exports to Mongolia	333,836	289,390	11,982

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 661.6520.
2/ Because of changes in the Schedule B trade classifications from 1981 to 1982, comparisons are not possible.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-26.--Leading items imported from Mongolia, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
306.4293	Camel hair, sorted, etc	$1,349,045	$993,846	$619,581
306.6100	Cashmere goat hair, not sorted, etc	708,217	421,050	-
306.6200	Cashmere goat hair, sorted, etc	619,303	73,179	501,447
306.4192	Camel hair, not sorted, etc	501,843	144,188	-
307.0200	Waste of wool or hair, burr and card, not advanced	9,700	9,700	-
124.1060	Furskins, n.e.s., not whole	6,608	6,608	-
	Total	3,194,716	1,648,571	1,121,028
	Total, U.S. imports from Mongolia	3,194,716	1,648,571	1,230,310

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-27.—Leading items exported to Cuba, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June--	
			1982	1981
818.3300	Medicine, etc., donated for relief	$372,020	$206,500	$24,000
660.5445	Parts of ignition-compression piston-type engines	77,152	77,152	-
818.3900	Products, n.e.s., donated for relief	12,425	9,050	-
683.6080	Engine electrical equipment other than ignition equipment	9,578	9,578	-
683.6040	Starter (cranking) motors	7,661	7,661	-
442.8500	Vitamin, nutrient, and hematinic preparations, n.e.s., for	3,000	3,000	-
441.9000	Artificial mixtures of antibiotics or vitamins not packaged	2,500	2,500	-
442.7900	Vitamin, nutrient and hematinic preparations, for human use, n.e	2,000	-	-
676.0570	Typewriters, nonautomatic, not portable	807	807	-
	Total	487,143	316,248	24,000
	Total, U.S. exports to Cuba	487,143	316,248	34,661

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-28.—Leading items imported from Cuba, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
724.2520	Stereophonic, etc., records, 33-1/3 r.p.m	$600	$600	-
	Total	600	600	-
	Total, U.S. imports from Cuba	600	600	25,000

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-29.--Leading items exported to North Korea, by Schedule B Nos., January-June 1982, April-June 1982, and April-June 1981

Schedule B No.	Description	January-June 1982	April-June--	
			1982	1981
120.1765	Hides and skins, bovine, not whole, n.e.s	$69,425	$69,425	-
709.1665	Electro-medical patient monitoring systems	23,048	23,048	-
	Total	92,473	92,473	-
	Total, U.S. exports to North Korea	92,473	92,473	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-30.--Leading items imported from North Korea, by TSUSA items, January-June 1982, April-June 1982, and April-June 1981

TSUSA item No.	Description	January-June 1982	April-June--	
			1982	1981
111.1800	Dried fish, whether or not whole, not in airtight containers	$7,879	-	-
	Total	7,879	-	-
	Total, U.S. imports from North Korea	7,879	-	37,510

Source: Compiled from official statistics of the U.S. Department of Commerce.

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GLOSSARY

Abbreviation	Full wording
CAP	Common agricultural policy (EC)
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
CPE	Centrally planned economy
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
FYP	Five-year plan
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
NEM	New Economic Mechanism of Hungary
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
QGL	Qualified General License
SCE	State-controlled economy
SDR	Special Drawing Rights
SIC	Standard Industrial Classification MSIC: SIC-based import product groupings OSIC: SIC-based domestic manufactured output categories
SITC	Standard International Trade Classification SITC categories are defined as follows: 1-digit SITC: Section 2-digit SITC: Division 3-digit SITC: Group 4-digit SITC: Subgroup 5-digit SITC: Item
SYE	Square yard equivalents
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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(2) summary tables and figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;

(3) a series of appendix tables describing the leading items traded by the United States with each of the NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

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32D QUARTERLY REPORT TO THE CONGRESS AND THE TRADE POLICY COMMITTEE ON TRADE BETWEEN THE UNITED STATES AND THE NONMARKET ECONOMY COUNTRIES DURING JULY-SEPTEMBER 1982

ORIGINAL

USITC PUBLICATION 1335

DECEMBER 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman
Paula Stern
Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

Report principally prepared by

Office of Economics

Magdolna Kornis
Janet Whisler
James Wojtasiewicz
Elizabeth Kirkbride, Economics Intern

Office of Industries

Dennis Rudy
Deborah A. McNay

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

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INTRODUCTION

This series of reports by the United States International Trade Commission is made pursuant to section 410 of title IV of the Trade Act of 1974 (19 U.S.C. 2440), which requires the Commission to monitor imports from and exports to certain nonmarket economy countries (NME's). These countries include those listed in headnote 3(f) of the Tariff Schedules of the United States (TSUS) 1/ and others not listed in the headnote, 2/ viz, Hungary, the People's Republic of China (China), Poland, and Romania. 3/ These are countries whose exports can be investigated by the Commission under section 406 of title IV of the Trade Act of 1974. Through control of the level of production, distribution process, and the price at which articles are sold, they could disrupt the domestic market in the United States and thereby injure U.S. producers. Under the statute, the Commission publishes a summary of trade data not less frequently than once each calendar quarter for Congress and, until January 2, 1980, the East-West Foreign Trade Board. As of that date, the East-West Foreign Trade Board was abolished, and its functions were transferred to the Trade Policy Committee, chaired by the United States Trade Representative.

As specified by the statute, one objective of the reports in this series is to provide data on the effect of imports from NME's on the production of like or directly competitive articles in the United States and on employment within industries producing those articles. Therefore, the reports include trade statistics for those NME's whose current trade with the United States is at least at a level that could present problems for domestic industry: Albania, Bulgaria, China, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, North Korea, Poland, Romania, the U.S.S.R., and Vietnam.

1/ The following countries or areas are listed under headnote 3(f) of the TSUS: Albania, Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic (East Germany), Estonia, those parts of Indochina under Communist control or domination (including Vietnam), North Korea, the Kurile Islands, Latvia, Lithuania, Mongolia, Poland, Southern Sakhalin, Tanna Tuva, and the U.S.S.R.

2/ When most-favored-nation tariff treatment is accorded a Communist country, that country is no longer included in headnote 3(f).

3/ Earlier reports in this series included Yugoslavia among the NME's whose trade with the United States is monitored. At the suggestion of the United States Trade Representative and after consultation with the appropriate congressional committees, the Commission decided that Yugoslavia would no longer be included in the countries covered by this report. This decision was effective with the 27th report. (27th Quarterly Report to the Congress and the Trade Policy Committee on Trade Between the United States and the Nonmarket Economy Countries During April-June 1981, USITC Publication 1188, September 1981, hereafter 27th Quarterly Report . . ., p. 1.) In the opinion of many analysts, Yugoslavia is not appropriately classified as an NME. Also, it is not a member of the Warsaw Pact or the Council for Mutual Economic Assistance. Yugoslavia has special status with the Organization for Economic Cooperation and Development and is a leader in the movement of nonaligned countries.

At the present time, Romania, Hungary, and China receive most-favored-nation (MFN) tariff treatment from the United States. Poland's MFN status was indefinitely suspended by the President in October 1982. 1/ Most other NME's have never been accorded this treatment because of the policy legislated as section 5 of the Trade Agreements Extension Act of 1951, i.e., that the President should take appropriate action to deny the benefit of trade-agreement concessions to imports from certain Communist nations or areas.

In the TSUS, the unconditional MFN rates of duty are set forth in column 1. The rates applicable to products of designated Communist nations 2/ are set forth in column 2; for the most part, these are the higher rates that were established in 1930. The rates of duty resulting from this policy vary considerably from item to item, and discrimination is not present at all for products that historically have been duty free or dutiable at the same rates in columns 1 and 2. Therefore, actual or potential U.S. imports from countries that do not enjoy MFN privileges depend in some measure on the rates of duty on the specific items involved.

This particular report contains a summary of U.S. trade with the NME's during July-September 1982 and examines U.S. exports, imports, and the balance of trade with each major nonmarket economy country, as well as the commodity composition of such trade. Important developments in U.S. commercial relations with the NME's are reported.

Pursuant to the requirements of sec. 410, this report also presents production, trade, and other economic data on two industries—chinaware and apparel. These industries were identified in the previous (31st) report in this series as having significant total import penetration and experiencing relatively high growth in recent imports from an NME source, specifically from China.

1/ Presidential Proclamation No. 4991, Oct. 27, 1982.
2/ Those nations referred to in headnote 3(f) of the TSUS.

SUMMARY OF THIRD QUARTER DEVELOPMENTS

Total two-way trade between the United States and the nonmarket economy countries dropped to $2.0 billion in July-September 1982. This was 17 percent lower than trade in the corresponding quarter of 1981. Record-high imports and record-low exports in the quarter nearly eliminated the merchandise trade surplus which the United States has always maintained in trade with NME's, causing it to decrease from $680 million in July-September 1981 to only $65 million in July-September 1982. Most of the decline in the trade surplus was caused by falling exports. Trade with China showed a deficit for the first time since October-December 1977, when total U.S.-Chinese trade was less than 7 percent of trade in the quarter under consideration.

The balance in total U.S. trade with the world also deteriorated in July-September 1982, compared with that in July-September 1981. A sharp drop in exports greatly exceeded a decline in imports, resulting in a $13.6 billion trade deficit—the largest U.S. quarterly merchandise trade deficit ever recorded.

U.S. exports to NME's decreased in value by one-third in July-September 1982, mostly because of a lull in grain exports to the Soviet Union. These exports amounted to just $11 million in this quarter compared with $212 million in July-September 1981. This decline in exports to the Soviet Union made China the primary NME market for U.S. exports in January-September 1982. The decline also caused total year-to-date exports to NME's to fall below exports in the corresponding period of 1981. The value of U.S. exports to NME's through January-June 1982 had been running ahead of 1981 levels.

There were particularly sharp third-quarter declines in U.S. exports of grain and soybean oil cake to Eastern Europe and textile fibers and fabrics to China.

U.S. imports from China have risen steadily from quarter to quarter since mid-1979, leading overall imports from NME's to a record level near $1 billion in July-September 1982. Meanwhile, imports from the Soviet Union have stagnated for five straight quarters.

Compared with imports in corresponding periods of 1981, U.S. imports from NME's both in July-September 1982 alone and in overall January-September 1982 showed a pattern of rising imports from China and falling imports from most other NME's. Imports of apparel 1/ and of crude oil and petroleum products from China increased dramatically in January-September 1982; those two categories accounted for half of all imports from China in this period. On the other hand, petroleum products were among the most sharply decreasing items in imports from the Soviet Union. Imports of steel from Romania and Poland also decreased substantially in January-September 1982 compared with imports in the same period of the previous year.

In July-September 1982, disagreement between the United States and its allies over Western participation in construction of the Siberian-European pipeline was exacerbated. The discord remained unresolved until after the quarter, when in November, the industrial democracies reached an accord on

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1/ See the special section on apparel imports from China and the U.S. domestic industry starting on page 39 of this report.

working towards a joint East-West policy. This, in turn, allowed President Reagan to revoke his sanctions affecting, among others, certain European contractors of the pipeline.

Notable quarterly developments in U.S. commercial relations with NME's included a one-year extension in July of the U.S.-U.S.S.R. grain supply agreement, and authorization, in September, of a major loan and loan guarantee to China by the Export-Import Bank.

In the third quarter of 1982, the U.S. International Trade Commission made four determinations involving NME's: two under the market disruption statute, and two preliminary injury determinations under antidumping statutes. It also initiated a final injury investigation under antidumping statutes. During the quarter, the U.S. Department of Commerce was also active on the three antidumping cases in determining whether, and to what extent, less-than-fair-value sales are involved.

THIRD QUARTER DEVELOPMENTS IN TRADE BETWEEN THE UNITED STATES AND NONMARKET ECONOMY COUNTRIES

Total two-way merchandise trade between the United States and NME's in July-September 1982 dropped to $2.0 billion, 17 percent lower in value than trade in the corresponding quarter of 1981 (table 1). U.S. exports to NME's plunged to just over $1 billion, their lowest quarterly level since October-December 1977. Meanwhile, U.S. imports from NME's increased, reaching a new all-time high for a single quarter of nearly $1 billion. This nearly eliminated the surplus the United States has always maintained in trade with NME's, causing it to decrease from $680 million in July-September 1981 to only $65 million in July-September 1982. The drop in exports accounted for 84 percent of this decline in the quarterly trade surplus; rising imports accounted for only 16 percent.

The balance in total U.S. merchandise trade with the world also deteriorated in July-September 1982, compared with that in the corresponding period of in 1981. Imports decreased slightly, showing the continuing effects of the current recession in the U.S. economy. However, exports fell much more sharply, as the recent strength of the U.S. dollar against foreign currencies continued to make U.S. goods more expensive, and hence less attractive, to foreign buyers. The drop in exports greatly exceeded the decline in imports, resulting in an overall merchandise trade deficit of $13.6 billion, which was 46 percent greater than the deficit in July-September 1981. This $13.6 billion trade deficit was the largest U.S. quarterly merchandise trade deficit ever recorded.

There were also significant developments in the current quarter in trade balances with individual NME's. Most importantly, U.S. trade with China showed a deficit for the first time since July-September 1977, when total bilateral trade was less than 7 percent of total trade in the quarter under consideration. The $4.6 million deficit in U.S./China trade recorded in July-September 1982 compares with a $303.5 million surplus in trade with China in July-September 1981. In trade with the Soviet Union, exports continued to exceed imports, but the resulting U.S. trade surplus decreased by 57 percent in July-September 1982 compared with the surplus in the corresponding quarter of 1981. And in trade with the six major Eastern European NME's combined, 1/ a deficit of $86.8 million was recorded in July-September 1982, compared with a $36.2 million surplus in July-September 1981. In the case of China, the shift in the trade balance was due more to rising imports than falling exports, but the deterioration in the trade surplus with the Soviet Union and the shift in the trade balance with the six Eastern European NME's combined were accounted for entirely by export declines.

U.S. Exports

Total U.S. exports to all NME's decreased one-third in value in July-September 1982, compared with exports in July-September 1981 (table 2). Exports to most individual NME's were down as well. A $204 million decrease in exports to the Soviet Union, mostly due to a lull in grain shipments, accounted for 40 percent of the total decline. Exports to the six Eastern European NME's combined decreased by $184 million, accounting for an additional 36 percent of the total decline.

1/ Poland, Romania, East Germany, Hungary, Bulgaria, and Czechoslovakia.

Table 1.--U.S. trade with the world and with the nonmarket economy countries (NME's), by quarters, July 1981-September 1982

Item	1981		1982		
	July-September	October-December	January-March	April-June	July-September
U.S. world trade:					
Exports----------million dollars---	53,954	56,743	54,089	55,778	48,795
Imports--------------------do----	63,303	65,202	61,052	60,185	62,396
Balance--------------------do----	-9,349	-8,459	-6,963	-4,407	-13,601
Trade turnover (exports plus imports) million dollars--	117,257	121,945	115,141	115,963	111,190
U.S. trade with NME's:					
Exports----------million dollars---	1,564	2,101	2,519	1,831	1,052
Imports--------------------do----	884	799	782	763	987
Balance--------------------do----	680	1,302	1,737	1,068	65
Trade turnover (exports plus imports) million dollars--	2,448	2,899	3,301	2,594	2,038
Share of total U.S. trade accounted for by trade with NME's:					
Exports-----------------percent--	2.90	3.70	4.66	3.28	2.16
Imports--------------------do----	1.40	1.23	1.28	1.27	1.58
Trade turnover--------------do----	2.09	2.38	2.87	2.24	1.83

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Import figures in this and all other tables in this report are imports for consumption on a customs-value basis. Exports are domestic exports only, including Defense Department military assistance shipments, and are valued on an f.a.s. basis.

Table 2.--U.S. exports to the individual nonmarket economy countries and to the world, 1980, 1981, January-September 1981, January-September 1982, July-September 1981, and July-September 1982

(In thousands of dollars)

Market	1980	1981	January-September--		July-September--	
			1981	1982	1981	1982
China	3,748,993	3,598,601	2,676,788	2,388,304	816,192	682,845
U.S.S.R	1,509,728	2,338,567	1,460,032	2,195,407	408,579	203,966
Romania	720,231	503,890	466,858	193,111	83,879	19,011
Poland	710,446	680,547	587,885	187,793	148,607	77,780
East Germany	477,389	295,557	236,433	181,594	32,515	8,156
Hungary	79,020	77,511	57,785	50,469	15,124	13,022
Czechoslovakia	185,145	82,420	59,088	73,620	8,573	10,791
Bulgaria	160,701	258,104	200,592	97,684	46,631	23,045
Vietnam	1,148	10,135	4,368	22,169	3,055	7,764
Albania	6,891	6,137	1,242	10,257	221	4,978
Mongolia	64	75	62	340	35	6
Cuba	119	558	410	829	361	342
North Korea	0	0	0	100	0	7
Total	7,599,876	7,852,101	5,751,546	5,401,676	1,563,772	1,051,711
Total, U.S. exports to the world	216,592,219	228,869,586	172,126,088	158,661,755	53,953,855	48,794,827

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Particularly steep declines occurred in exports to Poland, Romania, and East Germany; all three are faced with hard-currency debt problems and have cut back sharply on imports from the West. Exports to Poland are also restricted by sanctions imposed by President Reagan in reaction to the imposition of martial law in Poland in December 1981.

U.S. exports to China also decreased substantially in July-September 1982 compared with exports in July-September 1981. On the other hand, increases in exports to Vietnam (consisting mainly of gifts and other parcels) and Albania (coal), which were noted in the previous report, continued in the quarter under consideration. The total value of exports to those countries remained negligible.

The big decrease in exports to NME's in July-September 1982 left January-September year-to-date exports at a level below that of exports in the corresponding period of 1981. January-June exports this year had been higher than exports in the first half of last year. This was due to the sharp third quarter drop in exports to the Soviet Union. Figure 1 shows trends in U.S. exports to NME's since the third quarter of 1979. It depicts the steep increase and even steeper subsequent decline in exports to the Soviet Union over the past four quarters. The trend in quarterly exports to all NME's combined has been dominated by the trend in exports to the Soviet Union over this period; exports to China have been essentially flat.

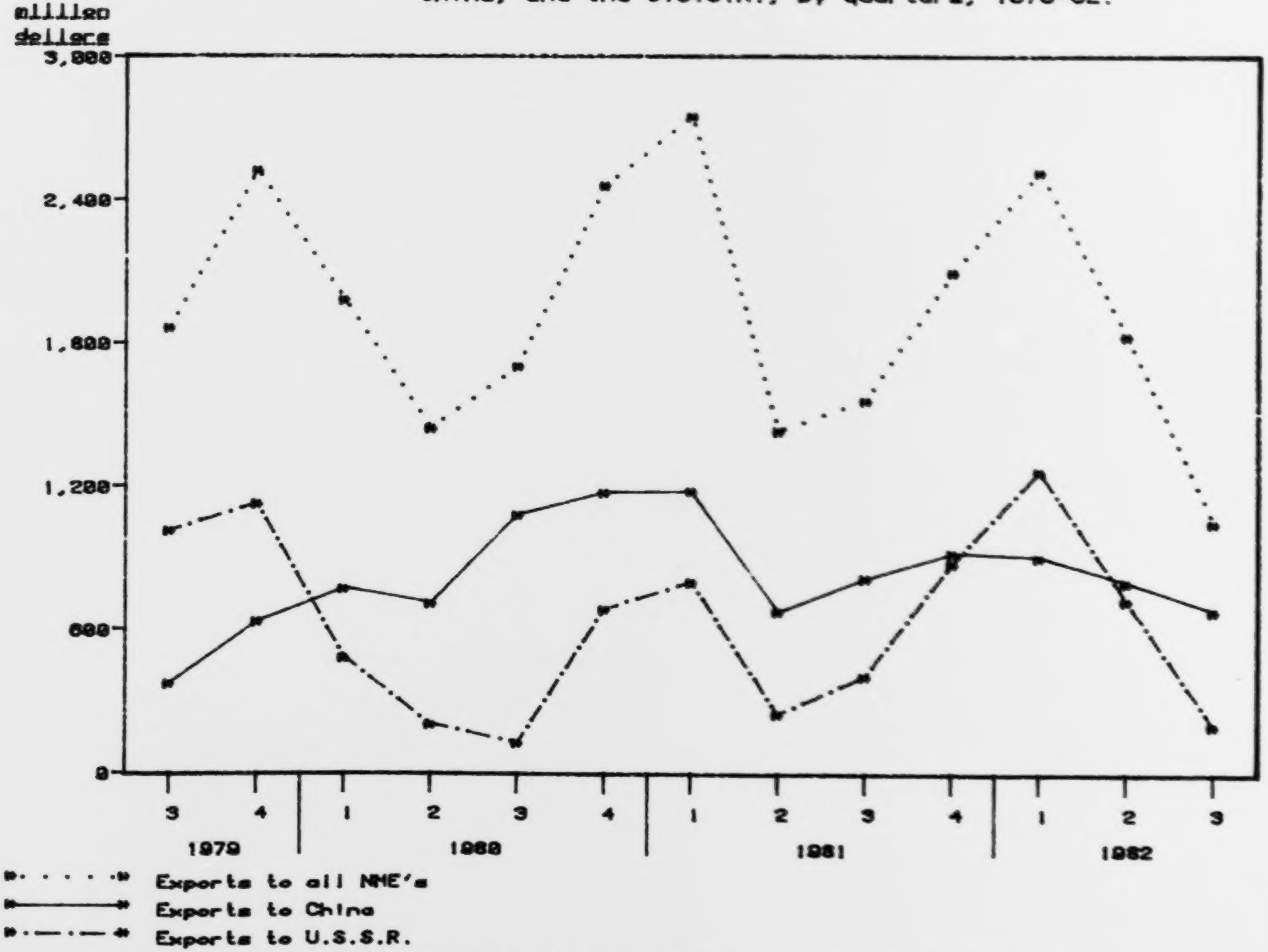
In January-September 1982, overall U.S. exports to NME's declined from the previous year's levels. In this period there was an increase in exports to the Soviet Union which allowed that country to increase its share of the total from 30 percent in the full year 1981 to 41 percent in January-September 1982 (fig. 2). China remained the largest NME market for U.S. exports in January-September, and that country's share of the total did not change significantly from that achieved in 1981. (However, in the July-September quarter of 1982, China accounted for 65 percent of all U.S. exports to NME's; the Soviet Union's share was only 19 percent.) Together, China and the Soviet Union accounted for 85 percent of all U.S. exports to NME's in January-September 1982, compared with a 76-percent share for those two countries in 1981.

Table 3 shows U.S. exports to NME's broken down into the broad commodity sections of the Standard International Trade Classification (SITC) system. Exports to NME's in most of the commodity groups decreased in January-September 1982 compared with exports in January-September 1981; the main exception to this trend was exports of chemicals, which grew from 7.2 percent to 11.6 percent of total U.S. exports to the NME's.

Following are discussions of changes in export levels to NME's of specific commodities within major SITC sections.

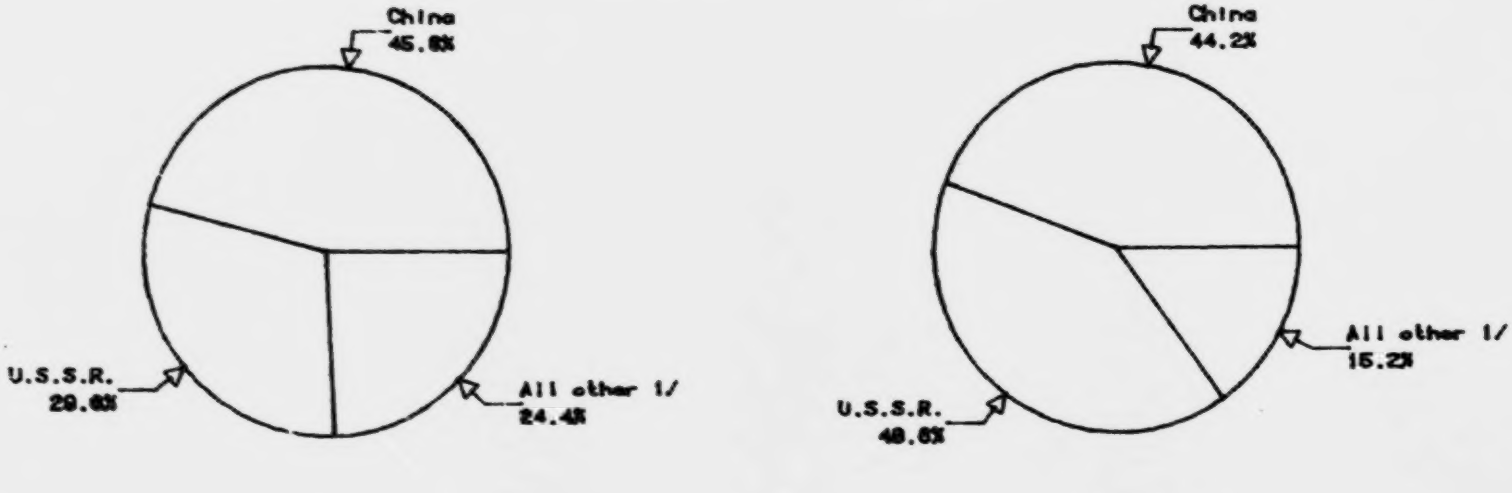
Food and live animals

As usual, food and live animals (SITC Section 0) dominated U.S. exports to NME's, accounting for 53 percent of the total value in January-September 1982. Such exports were slightly lower in this period compared with exports in January-September 1981. Section 0 exports to NME's in July-September 1982 were down sharply from year-ago levels, declining 54 percent in value, Figure 1.--U.S. exports to the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 2.--Relative shares of U.S. exports to the nonmarket economy countries, 1981 and January-September 1982.



1981

Jan.-Sept. 1982

1/ Romania, Poland, East Germany, Bulgaria, Czechoslovakia, Hungary, Vietnam, Albania, Cuba, Mongolia, and North Korea.

Source: Based on data in table 2.

Table 3.--U.S. exports to the world and to the nonmarket economy countries (NME's), by SITC 1/ Nos., January-September 1981 and January-September 1982

SITC Section No.	Description	Total exports		Exports to the NME's	
		Jan.-Sept. 1981	Jan.-Sept. 1982	Jan.-Sept. 1981	Jan.-Sept. 1982
		Value (million dollars)			
0	Food and live animals	22,949	18,577	3,138	2,876
1	Beverages and tobacco	1,998	2,039	24	8
2	Crude material--inedible, except fuel	15,419	14,523	1,009	892
3	Mineral fuels, lubricants, etc	6,944	9,795	79	91
4	Oils and fats--animal and vegetable	1,338	1,200	80	56
5	Chemicals	15,917	15,300	413	627
6	Manufactured goods classified by chief material	15,911	12,991	406	272
7	Machinery and transport equipment	72,265	67,078	481	414
8	Miscellaneous manufactured articles	12,682	12,158	110	128
9	Commodities and transactions not elsewhere classified	6,702	5,002	10	37
	Total	172,126	158,662	5,752	5,402
		Percent of total			
0	Food and live animals	13.3	11.7	54.6	53.2
1	Beverages and tobacco	1.2	1.3	.4	.1
2	Crude material--inedible, except fuel	9.0	9.2	17.5	16.5
3	Mineral fuels, lubricants, etc	4.0	6.2	1.4	1.7
4	Oils and fats--animal and vegetable	.8	.8	1.4	1.0
5	Chemicals	9.2	9.6	7.2	11.6
6	Manufactured goods classified by chief material	9.2	8.2	7.1	5.0
7	Machinery and transport equipment	42.0	42.3	8.4	7.7
8	Miscellaneous manufactured articles	7.4	7.7	1.9	2.4
9	Commodities and transactions not elsewhere classified	3.9	3.2	.2	.7
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

compared with exports in July-September 1981. This category's share of the total dropped to 37 percent in July-September 1982 (table 4). This was primarily the result of a virtual halt in shipments of grain to the Soviet Union in this quarter. Sharp decreases in exports of grain and soybean oil cake to Eastern Europe also contributed to lower total food and live animals exports to NME's in January-September 1982.

Soviet Union.—Shipments of grain to the Soviet Union in July-September 1982 amounted to only $11 million, compared with $212 million in July-September 1981. This caused the Soviet Union, traditionally the largest NME market for U.S. food and live animals exports, to fall to third place behind China and Poland in the quarter. 1/

China.—Because U.S. grain exports to China in July-September 1982 remained relatively steady while such exports to the Soviet Union were extremely low, China's share of all U.S. food and live animals exports to NME's increased to 87 percent in that quarter.

U.S. grain sales to China are governed by a long-term grain agreement, signed on October 22, 1980, under which the Chinese have agreed to purchase from 6 million to 8 million tons of grain per year (15 to 20 percent corn and the rest wheat). The Chinese are permitted to purchase an additional 1 million tons per year without consultation. The current agreement year will end on December 31, 1982. In 1981, the Chinese purchased a total of 9.3 million tons of grain, although corn did not account for the share of total sales that is specified in the grain agreement. In January-September 1982, shipments of wheat to China were 12 percent higher in quantity than in January-September 1981, and shipments of corn increased more than fivefold over the same period.

Like the Soviet Union, China has also been seeking alternative sources to the United States for grain. Since 1980 China has concluded long-term grain trade agreements with Canada, Australia, Argentina and the European Community. In May 1982, the minimum tonnage to be purchased from Canada was increased from between 8.4 million and 10.5 million tons to between 10.5 million and 12.6 million tons.

Eastern Europe.—U.S. exports of food and live animals to the six Eastern European NME's, which in January-September 1981 amounted to $1.2 billion and accounted for one-fifth of all U.S. exports to NME's, plunged to just $384 million in January-September 1982. Nearly half of the decrease was in exports to Poland, which fell by 87 percent, but there were also large decreases in food and live animal exports to Romania (86 percent), Bulgaria (61 percent), East Germany (26 percent), and Hungary (24 percent). Only Czechoslovakia increased purchases of food and live animals from the United States in this period.

The overall decrease in food and live animals exports to Eastern Europe included big declines in exports of both grain and soybean oil cake. Grain exports fell by $581 million, accounting for 72 percent of the overall January-September decrease to Eastern Europe. The largest decline in grain exports was to Poland, which under President Reagan's sanctions is cut off

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1/ For a discussion of factors affecting U.S.-Soviet grain trade, see pp. 30-32 of this report.

Table 4.--U.S. exports to the nonmarket economy countries, by SITC 1/ Nos., July-September 1982

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czechoslovakia	East Germany	Hungary
0	Food and live animals	0	5,023	335,673	0	22	4,851	17
1	Beverages and tobacco	0	244	113	0	15	242	179
2	Crude material--inedible, except fuel	467	737	89,246	0	3,480	130	841
3	Mineral fuels, lubricants, etc	4,432	0	60	0	0	0	2
4	Oils and fats--animal and vegetable	0	0	2,589	0	0	0	0
5	Chemicals	0	12,893	113,641	272	323	189	1,961
6	Manufactured goods classified by chief material	0	164	77,854	0	522	210	2,025
7	Machinery and transport equipment	63	3,090	44,009	35	5,561	2,222	6,696
8	Miscellaneous manufactured articles	17	872	19,046	25	780	243	976
9	Commodities and transactions not elsewhere classified	0	22	613	10	89	67	326
	Total	4,978	23,045	682,845	342	10,791	8,156	13,022

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Vietnam	Total
0	Food and live animals	0	0	23,798	0	16,140	5	385,530
1	Beverages and tobacco	0	0	960	924	0	0	2,677
2	Crude material--inedible, except fuel	0	0	23,710	7,124	2,014	4	127,751
3	Mineral fuels, lubricants, etc	0	0	0	2	11,136	0	15,632
4	Oils and fats--animal and vegetable	0	0	4,384	0	0	0	6,972
5	Chemicals	0	0	9,443	2,191	68,071	31	209,014
6	Manufactured goods classified by chief material	0	0	1,193	348	11,217	25	93,559
7	Machinery and transport equipment	0	7	7,885	6,950	77,157	6	153,682
8	Miscellaneous manufactured articles	5	0	2,054	1,431	18,153	81	43,681
9	Commodities and transactions not elsewhere classified	1	0	4,354	42	77	7,611	13,213
	Total	6	7	77,780	19,011	203,966	7,764	1,051,711

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

from Commodity Credit Corporation credits which it had used in the past to finance most of its grain imports from the United States. Of the $59 million in total exports of food and live animals to Poland in January-September 1982, nearly half ($27 million) consisted of food donated for relief or charity. Much of this food was donated by the U.S. Government to private charities, which shipped the food to Poland.

There was also a large decline in exports of soybean oil cake to Eastern Europe in January-September 1982. Such exports dropped by $184 million to the six countries combined, and there were sharp individual decreases to Poland, Romania, East Germany, and Bulgaria. As a result, total U.S. exports of soybean oil cake and meal to NME's (nearly all of which go to Eastern Europe) decreased as a percentage of all U.S. soybean oil cake and meal exports from 22 percent in January-September 1981 to 8 percent in January-September 1982 (table 5). Soybean oil cake is used as animal feed, and these drastic cuts in imports will affect future supplies of meat in Eastern Europe. In general, the extremely low level of U.S. exports of food and live animals to Eastern Europe in January-September 1982 may be a sign that those countries have little available hard currency for even the most crucial imports from the West.

Crude materials

Total U.S. exports to NME's of crude materials (SITC Section 2) decreased in January-September 1982 by $117 million, but exports of crude materials to China alone decreased by $303 million, compared with exports in January-September 1981.

The largest decrease in exports of crude materials to China was in exports of textile fibers. Exports of cotton to China decreased by almost 49 percent in value, causing the NME share of total U.S. cotton exports to decrease from 20 percent in January-September 1981 to 10 percent in January-September 1982. The Chinese have given priority to increasing domestic cotton production and decreasing cotton imports. According to U.S. Department of Agriculture estimates, Chinese domestic cotton production increased from 2.97 million metric tons in the 1980/1981 crop year (ending in July 1981) to 3.38 million metric tons in the 1981/1982 crop year. The U.S. Department of Agriculture also projects a decrease in total Chinese cotton imports from .52 million metric tons in 1981 to .17 million metric tons in 1982. The domestic production increase was thus large enough to offset the cut in imports and even to satisfy a small increase in total Chinese demand for cotton in 1982.

Exports of manmade fibers (including yarns) to China decreased by 52 percent, and the NME share of total U.S. manmade fiber exports decreased from 30 percent to 20 percent over the same period. China opened up new plants in 1982 to begin producing manmade fibers domestically. Also, the Chinese had large inventories of imported manmade fibers on hand this year after overbuying in 1981. These two factors probably contributed to reduced Chinese demand for imported manmade fibers in January-September 1982.

The total decrease in cotton and manmade fiber exports to China amounted to $379 million. Partially offsetting this decrease was a $113 million increase in exports of logs to China in this period.

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Table 5.--U.S. exports of selected major commodities to the nonmarket economy countries (NME's), January-September 1981 and January-September 1982

Commodity	Major NME customer	Share of total exports accounted for by NME's		Value of exports to all NME's	
		Jan.-Sept. 1981	Jan.-Sept. 1982	Jan.-Sept. 1981	Jan.-Sept. 1982
		Percent		1,000 dollars	
Cattle hides	Poland	7.5	9.7	36,692	52,633
Cereal grains	U.S.S.R	20.0	25.6	2,753,502	2,724,160
Corn, unmilled	do	20.0	22.4	1,254,947	968,720
Wheat	China	25.3	32.1	1,485,905	1,755,341
Coal	Romania	.8	.5	36,513	29,650
Fertilizers	U.S.S.R	7.9	15.5	195,516	325,193
Magnesium	Romania	2.2	-	1,683	0
Metal ores	U.S.S.R	2.7	6.4	24,132	41,037
Soybean oilcake and meal	East Germany	21.6	7.8	257,815	82,424
Soybeans	U.S.S.R	3.5	6.7	147,299	303,407
Textiles	China	12.3	6.9	862,897	390,640
Cotton	do	20.2	10.5	363,315	175,877
Manmade fibers	do	30.4	19.6	405,187	198,503

Source: Compiled from official statistics of the U.S. Department of Commerce.

In contrast to China, the Soviet Union increased its purchases of crude materials from the United States by $184 million in January-September 1982, compared with the year-ago period. Resumed shipments of soybeans amounting to $171 million accounted for most of the increase in this period. Soybeans were included along with grain in President Carter's 1980 embargo on shipments of agricultural products to the Soviet Union; as a result of the embargo and its aftermath, no soybeans were shipped to the Soviet Union in January-September 1981.

There was also a substantial increase in U.S. exports of copper ore to the Soviet Union in January-September 1982.

Manufactured goods classified by chief material

U.S. exports to NME's of manufactured goods classified by chief material (SITC Section 6) decreased by $134 million in January-September 1982 compared with such exports in January-September 1981; most of the decrease occurred in exports to China. Exports of fabrics to that country dropped from $69 million in January-September 1981 to just $5 million in January-September 1982, plunging to only $166,000 in July-September of that year. The Chinese are expanding domestic production of man-made fabrics, probably in conjunction with the new domestic production of manmade fibers noted above. Paper and paperboard exports to China also decreased in January-September 1982 from year-earlier levels.

On the other hand, exports to China of leather increased. Chinese imports of leather from the United States grew from $4 million in 1979 to $63 million in 1981. In the first three quarters of 1982, leather exports to China amounted to $56 million, which is 51 percent higher than in the corresponding period of 1981.

Chemicals

U.S. exports to NME's of chemicals (SITC Section 5) in January-September 1982 were $214 million higher than in the corresponding period of 1981. Exports of superphosphoric acid to the Soviet Union were embargoed during part of the earlier period and $109 million (more than half) of the total increase in chemicals exports was due to the normalization of this trade. The Soviet Union continued to account for almost all U.S. exports of superphosphoric acid (table 6). Chemical exports to China, most notably of synthetic resins and plastics materials, also increased substantially in the first 9 months of 1982.

Other SITC sections

Exports to NME's of machinery and transport equipment (SITC Section 7) were 14 percent lower in value in January-September 1982 than in the corresponding 1981 period. This category is the most directly affected by U.S. technology export controls, and its share of total U.S. exports to NME's declined from 12.6 percent in 1979 to 7.7 percent in January-September 1982. The decrease in beverages and tobacco (SITC Section 1) exports to NME's was due to a $13 million drop in shipments of tobacco to Poland and Romania. Tobacco shipments to each of the two dropped by over 80 percent; this is probably another sign of the severity of those countries' economic problems and the extent of belt tightening which is taking place.

Table 6.--20 U.S. export items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by Schedule B Nos., January-September 1981 and January-September 1982 1/

Schedule B No.	Commodity	Major NME customer	Share of total exports accounted for by NME's: Jan.-Sept. 1981	Share of total exports accounted for by NME's: Jan.-Sept. 1982	Value of exports to all NME's in Jan.-Sept. 1982
			Percent	Percent	1,000 dollars
480.7025	Phosphoric acid, 65% or more available phosphorus pentoxide eqv	U.S.S.R	89.8	92.0	176,836
121.0515	Bovine leather, rough, russet, crust, wet blue, not split	China	60.0	81.3	21,881
818.3100	Food products n.s.p.f., donated for charity or relief	Poland	15.3	70.0	13,643
176.5400	Sunflower seed oil	U.S.S.R	-	58.9	22,678
121.0530	Bovine leather, rough, russet, and crust	China	20.9	57.6	26,026
531.2770	Nonclay silica bricks and shapes (standard)	do	-	56.6	2,245
475.4555	Insulating or transformer oils	U.S.S.R	29.9	56.3	20,572
309.4242	Polyester fibers, noncontinuous, not carded combed or processed	China	77.1	54.9	59,415
310.0010	Polyester textured yarns of continuous manmade fibers	do	53.8	54.8	109,693
664.0577	Rippers and rooters for mounting on tractors and prime movers	U.S.S.R	28.8	49.1	5,647
417.7100	Barium compounds	Romania	.1	48.1	2,960
200.3502	Pine logs (except pulpwood), rough, split, hewn, roughly sided	China	-	47.5	1,995
117.8200	American-type cheeses except Cheddar	Poland	-	44.4	2,083
818.3900	Commodities n.s.p.f., donated for charity or relief	Vietnam	14 5	42.1	28,498
612.0440	Copper, unalloyed, unwrought	China	-	40.4	13,815
182.9725	Wheat-flour-soya blended food	Poland	.3	39.2	3,321
431.3010	Acetic anhydride	China	31.9	37.7	2,052
310.0026	Cellulosic fiber yarns, continuous form, (multifilament yarns)	do	27.5	37.3	7,491
338.2932	Polyester woven fabrics, continuous, textured yarns	do	-	36.8	3,530
790.5510	Pressure sensitive tape having a plastic backing	U.S.S.R	23.1	36.7	26,011

1/ Only items which accounted for at least 1 million dollars' worth of exports in January-September 1982 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

U.S. Imports

Total U.S. imports from NME's were 12 percent higher in July-September 1982 than in the corresponding quarter of 1981 (table 7). A $175 million increase in imports from China was partially offset by decreases in imports from most other NME's. Figure 3 shows trends in U.S. imports from all NME's, China, and the U.S.S.R. It depicts the nearly steady rise in imports from China since mid-1979, which has led overall imports from NME's to a record level near $1 billion in July-September 1982. Meanwhile, the level of imports from the Soviet Union has remained approximately even for five straight quarters.

The increase in imports from NME's in July-September 1982 left total January-September year-to-date imports slightly lower in value than imports in the corresponding period of 1981. The third quarter pattern of rising imports from China and falling imports from most other NME's was consistent with that for the whole January-September period. As a result, China's share of total imports from NME's went up from 54 percent in the full year 1981 to 67 percent in January-September 1982 (fig. 4). There were particularly steep declines in imports from the Soviet Union, Poland, and Romania.

Lower imports from Poland and Romania show another effect of the lack of available hard currency on Eastern European economies. Not only have most imports from the West, even of food, had to be severely cut back, but the inability to import crucial raw materials from the West has affected those countries' ability to produce goods for export to the West. In turn, lower levels of exports to the West mean that even less hard currency is available, leading to further import cuts. This problem is particularly acute for Poland and Romania, because both countries must earn surpluses of hard-currency exports over imports in order to meet very large hard-currency debt repayment obligations.

Table 8 shows U.S. imports from NME's by SITC commodity sections. Although overall imports from NME's decreased only slightly in value in January-September 1982 compared with imports in January-September 1981, imports in some commodity categories changed substantially. There were significant increases in imports of mineral fuels and miscellaneous manufactured articles, and decreases in imports of crude materials and manufactured goods classified by chief material.

Miscellaneous manufactured articles

U.S. imports of miscellaneous manufactured articles (SITC Section 8) increased by $217 million in January-September 1982 compared with such imports during January-September 1981. Nearly all of the increase came in imports from China.

Imports of wearing apparel from China increased 61 percent in value, from $260 million in January-September 1981 to $418 million in January-September 1982. This caused China's share of total U.S. apparel imports to increase from 5.4 percent to 7.5 percent in this period. 1/

1/ See the special section below on the U.S. apparel industry and imports from China.

Table 7.—U.S. imports from the individual nonmarket economy countries and from the world, 1980, 1981, January-September 1981, January-September 1982, July-September 1981, and July-September 1982

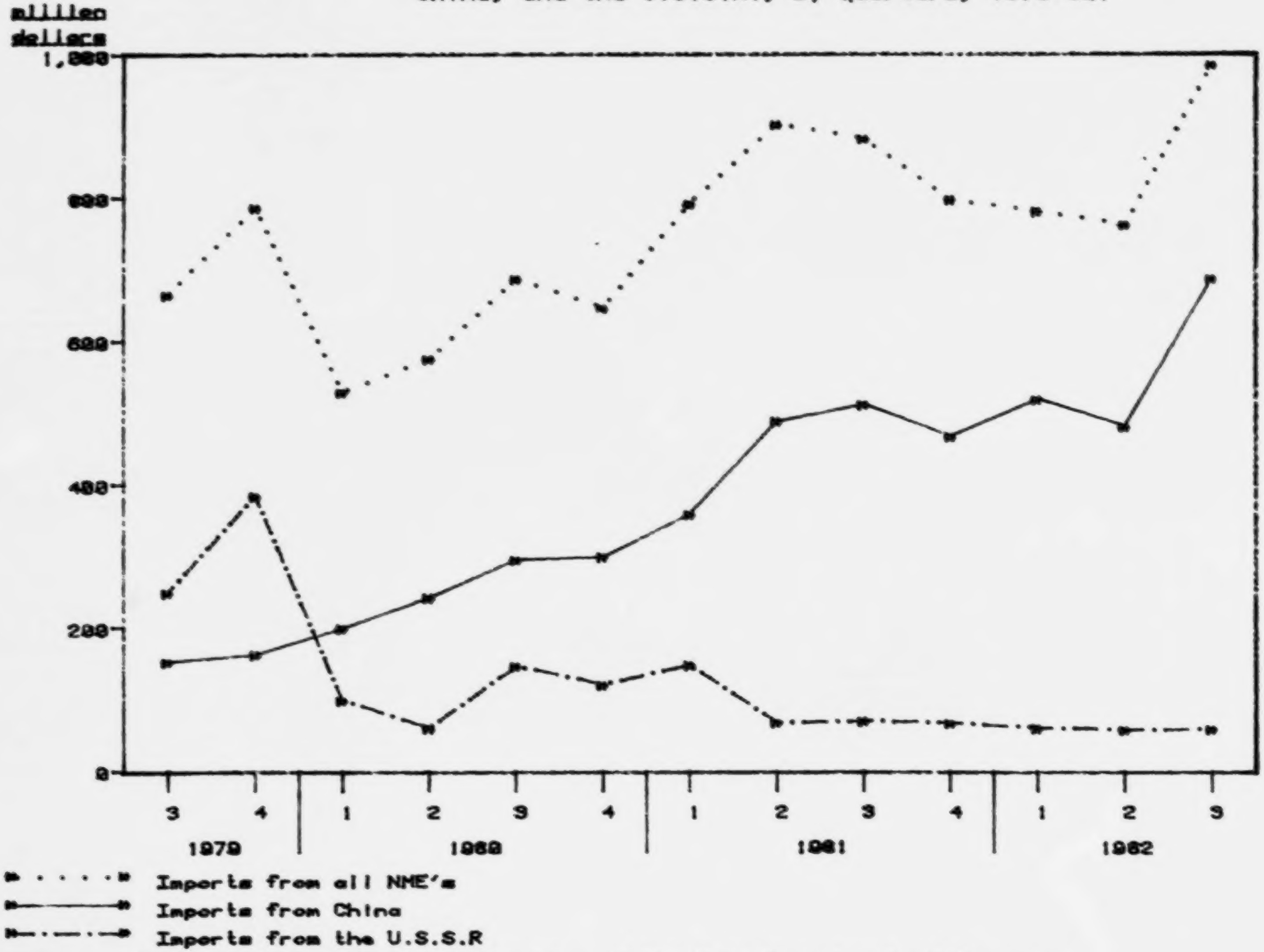
(In thousands of dollars)

Source	1980	1981	January-September—		July-September—	
			1981	1982	1981	1982
China	1,039,177	1,830,027	1,361,774	1,689,409	512,667	687,392
U.S.S.R	430,387	356,961	289,405	178,997	70,733	59,749
Romania	310,561	559,449	430,028	294,448	145,562	110,887
Poland	414,919	359,939	299,497	157,734	93,053	56,714
East Germany	42,959	44,702	33,232	43,348	10,682	18,164
Hungary	104,269	127,939	92,293	97,994	27,673	32,007
Czechoslovakia	61,102	67,232	49,618	46,142	14,578	14,129
Bulgaria	22,845	25,604	18,808	18,424	7,546	6,680
Vietnam	34	96	96	0	5	0
Albania	10,718	3,985	2,720	1,944	616	696
Mongolia	2,223	3,635	3,267	3,279	831	84
Cuba	19	36	27	3	0	3
North Korea	52	47	47	8	0	0
Total	2,439,263	3,379,653	2,580,813	2,531,730	883,946	986,503
Total, U.S. imports from the world	239,943,468	259,011,977	193,810,048	183,632,395	63,303,252	62,395,576

Source: Compiled from official statistics of the U.S. Department of Commerce.

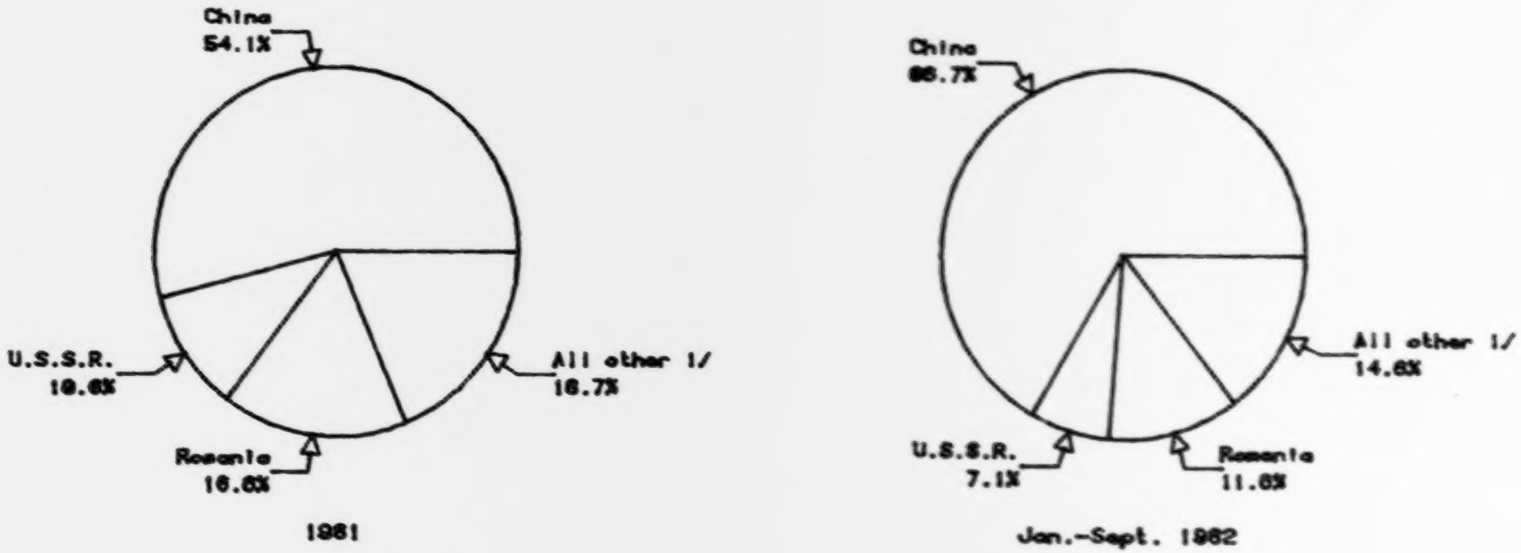
Note.—Because of rounding, figures may not add to the totals shown.

Figure 3.--U.S. imports from the nonmarket economy countries (NME's), China, and the U.S.S.R., by quarters, 1979-82.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 4.---Relative shares of U.S. imports from the nonmarket economy countries, 1981 and January-September 1982.



1/ Poland, Hungary, Czechoslovakia, East Germany, Bulgaria, Mongolia, Albania, North Korea, Cuba, and Vietnam.

Source: Based on data in table 7.

Table 8.—U.S. imports from the world and from the nonmarket economy countries (NME's), by SITC 1/ Nos., January-September 1981 and January-September 1982

SITC Section No.	Description	Total imports		Imports from the NME's	
		Jan.-Sept. 1981	Jan.-Sept. 1982	Jan.-Sept. 1981	Jan.-Sept. 1982
		Value (million dollars)			
0	Food and live animals	11,396	10,548	226	191
1	Beverages and tobacco	2,086	2,122	26	26
2	Crude material—inedible, except fuel	8,504	6,507	294	119
3	Mineral fuels, lubricants, etc	62,210	48,802	433	537
4	Oils and fats—animal and vegetable	366	308	1	1
5	Chemicals	7,069	7,120	178	216
6	Manufactured goods classified by chief material	27,466	25,606	598	459
7	Machinery and transport equipment	50,588	55,759	201	151
8	Miscellaneous manufactured articles	18,987	21,077	598	815
9	Commodities and transactions not elsewhere classified	5,139	5,783	27	16
	Total	193,810	183,632	2,581	2,532
		Percent of total			
0	Food and live animals	5.9	5.7	8.8	7.5
1	Beverages and tobacco	1.1	1.2	1.0	1.0
2	Crude material—inedible, except fuel	4.4	3.5	11.4	4.7
3	Mineral fuels, lubricants, etc	32.1	26.6	16.8	21.2
4	Oils and fats—animal and vegetable	.2	.2	.1	.1
5	Chemicals	3.6	3.9	6.9	8.5
6	Manufactured goods classified by chief material	14.2	13.9	23.2	18.1
7	Machinery and transport equipment	26.1	30.4	7.8	6.0
8	Miscellaneous manufactured articles	9.8	11.5	23.2	32.2
9	Commodities and transactions not elsewhere classified	2.7	3.1	1.0	.6
	Total	100.0	100.0	100.0	100.0

1/ Standard International Trade Classification.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

Apparel imports from China had previously increased from $50 million in 1978 to $354 million in 1981. Imports of 28 major apparel items from China are subject to specific import ceilings under the United States-China textile agreement, which expires at the end of 1982. Representatives of the Governments of the two countries are currently negotiating a new agreement on quotas for these and other apparel imports.

The increase in wearing apparel imports caused the share of apparel in all imports from China to increase to 25 percent in January-September 1982, compared with 19 percent in the corresponding period of 1981.

Most U.S. imports of wearing apparel from NME's come from China. However, imports of wearing apparel and footwear from Hungary increased in January-September by a combined total of $9 million, resulting in an increase in total imports from that country which was contrary to the trend for imports from most other Eastern European NME's in that period.

Mineral fuels

Overall U.S. imports from NME's of mineral fuels (SITC Section 3) increased by $104 million in January-September 1982 compared with imports in the corresponding 1981 period. A large increase in such imports from China was partially offset by decreases in mineral fuel imports from the Soviet Union and Romania.

Imports of mineral fuels from China increased to $428 million, doubling in value in January-September 1982 compared with imports in the corresponding period of 1981. The increase consisted largely of resumed imports of crude oil, amounting to $138 million. (There were no crude oil imports from China in 1981). Imports of gasoline from China also increased by $83 million in this period. The share of mineral fuels in total imports from China increased from 15 percent in January-September 1981 to 25 percent in January-September 1982.

Meanwhile, mineral fuel imports from the Soviet Union, consisting mostly of fuel oils and naphthas, plummeted from $107 million in January-September 1981 to just $10 million in January-September 1982. This decrease accounted for almost all of the overall decrease in imports from the Soviet Union in this period. There were no mineral fuel imports from the Soviet Union at all in July-September 1982 (table 9).

Overall imports of mineral fuels from Romania were also substantially lower in value in January-September 1982 than in the corresponding 1981 period, although all of the decrease was in imports of fuel oils and naphthas; gasoline imports from Romania actually increased slightly in this period.

Manufactured goods classified by chief material

U.S. imports from NME's of manufactured goods classified by chief material (SITC Section 6) from NME's decreased by $139 million from January-September 1981 to the corresponding 1982 period, resulting in a decline in that category's share of all imports from NME's from 23 percent in the former period to 18 percent in the latter.

Table 9.--U.S. imports from the nonmarket economy countries, by SITC 1/ Nos., July-September 1982

(In thousands of dollars)

SITC Section No.	Description	Albania	Bulgaria	China	Cuba	Czecho-slovakia	East Germany	Hungary
0	Food and live animals	22	385	27,369	-	1,655	217	6,167
1	Beverages and tobacco	-	5,509	627	-	172	80	352
2	Crude material—inedible, except fuel	672	40	30,751	-	923	165	398
3	Mineral fuels, lubricants, etc	-	-	217,764	-	-	8,007	-
4	Oils and fats—animal and vegetable	-	-	87	-	-	-	-
5	Chemicals	1	305	29,354	-	251	92	1,384
6	Manufactured goods classified by chief material	-	10	88,096	-	4,792	3,482	3,361
7	Machinery and transport equipment	-	374	13,947	-	1,781	4,474	8,694
8	Miscellaneous manufactured articles	1	42	277,255	2/	4,481	1,424	11,577
9	Commodities and transactions not elsewhere classified	-	14	2,140	2	76	222	73
	Total	696	6,680	687,392	3	14,129	18,164	32,007

SITC Section No.	Description	Mongolia	North Korea	Poland	Romania	U.S.S.R.	Viet-nam	Total
0	Food and live animals	-	-	16,467	2,961	2,693	-	57,936
1	Beverages and tobacco	-	-	193	576	2,469	-	9,980
2	Crude material—inedible, except fuel	74	-	163	1,494	2,031	-	36,711
3	Mineral fuels, lubricants, etc	-	-	-	39,001	-	-	264,771
4	Oils and fats—animal and vegetable	-	-	-	-	1	-	88
5	Chemicals	-	-	2,930	1,370	30,581	-	66,269
6	Manufactured goods classified by chief material	-	-	10,902	10,359	13,424	-	134,425
7	Machinery and transport equipment	-	-	7,842	10,576	825	-	48,512
8	Miscellaneous manufactured articles	-	-	18,103	44,226	6,371	-	363,481
9	Commodities and transactions not elsewhere classified	10	-	113	325	1,354	-	4,330
	Total	84	-	56,714	110,887	59,749	-	986,503

1/ Standard International Trade Classification.

2/ Less than 500 dollars

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.—Because of rounding, figures may not add to the totals shown.

The biggest decrease was in imports of iron and steel products, which fell by $108 million in this period. Such imports from Poland dropped by 94 percent, causing that country to fall to fourth place among NME suppliers of iron and steel to the U.S. market. (Poland was the primary NME source for iron and steel products until 1981, when it was surpassed by Romania.) Iron and steel imports from Romania also decreased sharply from January-September 1981 levels. Romania's ability to sell steel in the United States may have been affected by the filing of an antidumping complaint before the U.S. Department of Commerce and the U.S. International Trade Commission earlier this year. That complaint is still pending, and the possibility of retroactive antidumping duties may have made Romanian steel less attractive to U.S. customers.

Other major shifts in this category in January-September 1982 included a decrease in imports of nickel from the Soviet Union and an increase in imports of tin from China (table 10).

Other SITC sections

The decline in U.S. imports of crude materials (SITC Section 2) from NME's in January-September 1982 was almost entirely due to a $150 million drop in imports of Chinese peanuts from January-September 1981 levels; Peanut imports had been unusually high in the 1981 period because of a bad U.S. crop. Even though imports of peanuts from China decreased by 99 percent, that country's share of all U.S. shelled peanut imports increased from 53 percent in January-September 1981 to 95 percent in January-September 1982 (table 11).

The decline in U.S. imports from NME's of food and live animals (SITC Section 0) in January-September 1982 compared with imports in January-September 1981 included a $43 million drop in imports of hams from Poland. Imports of Polish hams in 1981 were already well below 1980 levels. In value, this product is still the most important U.S. import from Poland.

Table 10.—U.S. imports of selected major commodities from the nonmarket economy countries (NME's), January-September 1981 and January-September 1982

Commodity	Major NME supplier	Share of total imports accounted for by NME's Jan.-Sept. 1981	Share of total imports accounted for by NME's Jan.-Sept. 1982	Value of imports from all NME's Jan.-Sept. 1981	Value of imports from all NME's Jan.-Sept. 1982
		Percent	Percent	1,000 dollars	1,000 dollars
Chromium scrap	China	2.8	6.2	598	500
Coal	Poland	1.3	-	1,439	-
Copper	U.S.S.R	.4	.5	3,605	3,975
Corn, unmilled	Romania	37.7	46.4	4,507	5,041
Feathers and downs	China	40.7	33.9	23,803	12,970
Fertilizers	U.S.S.R	4.7	7.1	57,278	81,271
Furniture, wooden	Romania	4.9	5.1	21,259	24,721
Glass and glass products	do	5.7	4.6	28,764	24,651
Macaroni	China	6.2	6.1	1,920	2,034
Metal coins	U.S.S.R	.7	.8	7,001	6,950
Metal ores	China	.9	.9	20,772	13,636
Nickel	U.S.S.R	4.9	2.0	35,627	10,231
Petroleum and natural gas	China	.6	1.0	431,048	535,359
Precious metals	U.S.S.R	2.1	1.6	60,903	35,020
Gold bullion	do	1.4	.1	18,349	856
Silver bullion	China	1/	-	252	-
Platinum	U.S.S.R	7.7	8.4	39,181	28,564
Prepared pork	Poland	48.1	25.3	117,765	64,485
Textiles	China	5.9	7.1	667,506	855,592
Footwear	do	3.3	3.1	81,935	84,003
Nonrubber footwear	Romania	4.5	3.4	62,675	64,397
Tin	China	2.2	10.8	10,473	31,442
Titanium	U.S.S.R	12.0	4.1	14,447	1,512
Tobacco	Bulgaria	3.3	2.9	15,275	13,593
Typewriters	do	1.9	1.0	4,625	2,771

1/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 11.--20 U.S. import items for which the nonmarket economy countries (NME's) collectively account for the largest market share, by TSUSA items, January-September 1981 and January-September 1982 1/

TSUSA item No.	Commodity	Major NME supplier	Share of total imports accounted for by NME's		Value of imports from all NME's in Jan.-Sept. 1982
			Jan.-Sept. 1981	Jan.-Sept. 1982	
			Percent		1,000 dollars
306.6100	Cashmere goat hair in the grease or washed, not sorted	Mongolia	97.9	100.0	1,146
618.0400	Aluminum silicon	U.S.S.R	-	100.0	1,543
612.2010	Beryllium copper-master alloy	do	100.0	99.9	1,380
417.2800	Ammonium molybdate	China	100.0	99.7	6,985
366.6000	Pile or tufted construction, of cotton, velveteen, velvet, etc.	do	84.9	99.5	1,037
422.4200	Tungsten compounds other than carbide	do	96.3	98.8	4,010
365.0000	Handmade cotton lace furnishings	do	96.4	98.4	1,187
306.4293	Camel hair, in the grease or washed, sorted	Mongolia	95.2	97.2	2,412
542.3120	Ordinary glass weighing between 16 & 18.5 oz per square foot	Romania	99.5	96.6	2,167
186.3000	Bristles, crude or processed, used in brushes or other articles.	China	95.2	95.8	5,084
140.3000	Garlic, dried, desiccated, or dehydrated	do	40.1	95.5	1,785
494.2000	Montan wax	East Germany	85.5	95.4	1,302
145.4880	Peanuts, shelled, blanched, or otherwise prepared or preserved	China	52.7	94.5	1,327
694.4143	Airplanes, single engine, new	Poland	-	93.0	1,850
222.5700	Floor coverings of unspun vegetable materials, n.e.s	China	92.9	91.9	6,070
379.3905	Men's and boys' cotton knit jogging and athletic jackets	Romania	-	90.6	1,901
366.2740	Cotton shop towels used in garages and similar machine shops	China	75.8	88.4	4,980
411.8000	Sulfathiazole and sodium sulfathiazole	Poland	51.0	86.0	1,191
100.0110	Horses for breeding, male	U.S.S.R	-	85.0	1,242
365.8670	Lace or net tablecloths and napkins of man-made fibers	China	77.3	84.2	6,691

1/ Only items which accounted for at least 1 million dollars' worth of imports in January-September 1982 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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THIRD-QUARTER DEVELOPMENTS AFFECTING U.S. COMMERCIAL RELATIONS WITH NONMARKET ECONOMY COUNTRIES

Soviet Access to U.S. Technology

Strategic technology exports to the Soviet Union continued to be a central issue in East-West commercial relations during July-September of 1982. The U.S. Government implemented the extension of an earlier ban on the sale of oil and gas equipment and technology to the U.S.S.R. ordered by President Reagan in June, 1/ and continued efforts to halt certain illegal exports of U.S. technology to the Soviet Union.

U.S. relations with European allies remained troubled over the issue of the President's measures affecting European subsidiaries or licensees of U.S. companies that supply equipment to the Soviets for the Siberian-European pipeline. On August 12, the European Community delivered a strongly worded note to the U.S. Government concerning the new export administration regulations issued by the Department of Commerce on June 22, 1982. The note claimed that

> It is unlikely that the U.S. measures will in fact delay materially the construction of the pipeline or the delivery of the gas. The pipeline from Siberia to Western Europe can be completed using Soviet technology and production capacity diverted from other parts of their current program. Furthermore the recent U.S. measures provide the Soviets with strong inducements to enlarge their own manufacturing capacity and to accelerate their own turbine and compressor development. 2/

The note also commented on the adverse impact of the extended sanctions on European companies and criticized the U.S. Government for applying them without consultation. It further stated that the Community considers the U.S. measures "contrary to international law, and apparently at variance with rules and principles laid down in U.S. law." 3/

On August 23, the French Government ordered Dresser, France—a subsidiary of Dresser Industries—to disregard the U.S. ban and continue delivering equipment for the pipeline. Dresser, France complied, and several other European companies affected by the U.S. ban followed suit. In response, on August 26, the Department of Commerce issued a temporary denial order prohibiting exports of all U.S. products, services, and technology to Dresser France. At the same time, Commerce issued a similar order with regard to Creusot-Loire, another French company and prime contractor for the trans-Siberian pipeline. 4/ In early September, Commerce issued other temporary denial orders affecting companies in Italy, the United Kingdom, and West Germany—all violators of the extended U.S. sanctions. The orders banned them from receiving oil- and gas-related products and technology from the United States, but did not deny them access to other U.S. exports and

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1/ The 31st Quarterly Report . . ., p. 30
2/ European Community News, No. 23/1092, Aug. 12, 1982.
3/ Ibid.
4/ Business America, Sept. 6, 1982, p. 18.

technology. Meanwhile, Commerce modified its earlier total export embargo directed against the French companies, making sanctions against them similar to those ordered against companies in other Western European countries. 1/

The pipeline dispute between the United States and the affected European countries was not resolved until after the quarter under review, when President Reagan revoked his sanctions of December 1981 and June 1982 on exports to the Soviets of technology and equipment relating to oil and gas exploration and production. 2/ The President's action permits the Office of Export Administration in the Commerce Department to resume the licensing of such exports on a case-by-case basis.

The President stated that "there is no further need for these sanctions" as the industrial democracies have reached "a substantial agreement on a plan of action with regard to economic policy toward the Soviet Union." He listed purchases of Soviet natural gas, controls of strategic technology transfer, and credit policy as the three principal areas of East-West economic policy coordination.

Efforts of the U.S. Government to prevent illegal Soviet access to controlled commodities and technology also continued during the quarter. 3/ On August 24, the Office of Export Enforcement (Department of Commerce) ordered the seizure in Pasadena, Calif., of a computerized image-processing system, valued at approximately $70,000, which was ultimately destined for the Soviet Union through a third country. The system was designed for the enhancement and interpretation of photographic images, including those taken from reconnaissance aircraft and satellites. Commerce determined the system to be subject to national security export controls, and ordered its seizure under the authority of the Export Administration Act of 1979. 4/

Extension of the U.S.-U.S.S.R. Grain Supply Agreement

On July 30, 1982, President Reagan authorized a 1-year extension of the U.S.-U.S.S.R grain supply agreement of 1975. 5/ When it was initially negotiated,this five-year agreement was intended to put grain sales on a stable and predictable basis, after large Soviet purchases disrupted markets in the early 1970's. President Reagan extended the agreement for a sixth year, shortly before its scheduled expiration on September 30, 1981; he extended it again for a seventh year during the quarter under review. 6/

Both extensions carried the same conditions as the initial agreement. The Soviets are required to buy at least 6 million tons of grains in an "agreement year" 7/—under the latest extension, between October 1, 1982, and September 30, 1983. They may purchase an additional 2 million tons without any further authorization from the U.S. Government. The United States is committed to make available up to 8 million tons of grains for shipment to the Soviet Union, but may offer more.

1/ Business America, Sept. 20, 1982 (inside cover).
2/ The President's radio address of Nov. 13, 1982.
3/ See 31st Quarterly Report. . ., pp. 35-39.
4/ Business America, Sept. 6, p. 18.
5/ Presidential statement, July 30, 1982.
6/ 28th Quarterly Report . . ., p. 35.
7/ An agreement year coincides with an Oct.-Sept. fiscal year.

During the 1981/82 agreement year, the United States offered 15 million tons of grains to the Soviet Union in addition to the stipulated 8 million tons. 1/ Notably, the Soviets purchased only 13.9 million of the total amount of 23 million tons the United States made available to them, endeavoring to meet as much of their needs as possible from other sources. The Soviets began to diversify their grain imports following the partial grain embargo President Carter imposed against them in January 1980. Before that time, the United States accounted for the major share of their grain imports—three fourths of the total in July-June 1978/79, in the last crop year preceding the embargo. The U.S. share plummeted to 24 percent of total Soviet imports in crop year 1980/81—the year most affected by the embargo. In that year, the United States was replaced by Argentina as the the Soviets' leading supplier. Although the embargo had already been lifted before the new crop year began, the U.S. share rose to only 34 percent of total Soviet imports in 1981/82.

In his recent statement announcing the second extension of the original agreement, President Reagan reiterated that he would rule out any negotiations on a new long-term agreement at this time. In his words—

> The Soviets should not be afforded the additional security of a new long-term grain agreement, as long as repression continues in Poland. 2/

At the same time, the President authorized U.S. officials to explore, in consultations under the grain agreement, the possibility of selling grains to the Soviets over and above the basic 8 million tons. This opened the door to shipping significant amounts of grains to the Soviets in FY 1982/83. 3/ In the President's words-

> American farmers can be assured that they will continue to have a fair opportunity to export grains to the U.S.S.R. on a cash basis. 4/

The President's action came at a time when U.S. farmers are suffering from reduced demand in world markets, a situation that is exacerbated by the strength of the dollar. The problem is being further compounded on the supply side by an abundant grain crop, which has resulted in large inventories and is exerting an additional downward pressure on prices and farm income. For some 3 years, the U.S. farm sector has suffered from a decline in net income, caused also by simultaneously rising costs—especially high interest rates.

The current pressures on the U.S. farmer to find export markets are matched by continued Soviet dependence on considerable quantities of imported grains. While the United States will this year record one of its biggest crops in history, the Soviet Union faces its fourth successive poor harvest. In November, the U.S. Department of Agriculture (USDA) estimated the size of the 1982 Soviet grain crop at 180 million tons. 5/ This compares with an average annual target of 238 million tons in the 1981-85 5-year plan, and the

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1/ *The 28th Quarterly Report. . .*, p. 35.

2/ Presidential statement of July 30, 1982.

3/ These consultations took place in October, following the period under review. A short discussion will follow later in this section.

4/ Presidential statement of July 30, 1982.

5/ USDA, *Foreign Agricultural Circular*, FPED-11-82, Nov. 10, 1982, p. 1.

last good Soviet grain crop of 237 million tons in 1978. The USDA assessed total Soviet grain import needs for July-June 1982/83 at 37 million tons. 1/ In July-June 1981/82, with imports of 46 million tons of grain, the U.S.S.R. was the world's number one importer, accounting for 22 percent of global grain trade.

The extent to which the Soviets turn to the United States to meet their needs will probably depend largely on the availability of grains from other sources. Since President Carter imposed his grain embargo, the U.S.S.R. has concluded new bilateral grain agreements or increased the tonnages covered by existing agreements with several major grain-exporting countries. In addition to the extended agreement with the United States, the Soviet Union currently maintains long-term grain supply agreements with Argentina, Brazil, Canada, France, 2/ and Hungary, and 1-year renewable agreements with Australia and Thailand.

Semiannual consultations provided for in the extended U.S.-Soviet grain agreement were held on October 28, 1982, following the period under review in this report. At that time, the U.S. delegation transmitted to the Soviets President Reagan's offer to make available 15 million tons of grains during the seventh year of the grain agreement, beyond the 8 million tons already provided for. The Soviets could buy these 15 million tons without further consultations. Moreover, the U.S. delegation confirmed that, for any Soviet purchases made in November 1982 against these 15 million tons, and shipped within 180 days, the United States is extending the same assurances that are now given to the basic commitment of 8 million tons. 3/

This most recent U.S. offer equaled in size the U.S. offer for the previous (1981/82) agreement year, bringing the total amount of U.S. grains available to the Soviets to the same 23 million tons. Farmers' groups reacted pessimistically to the announcement, however. They expect the Soviets to purchase even less U.S. grain than the 13.9 million tons they bought in the previous agreement year. 4/

Export-Import Bank Loan to China

In September, the Export-Import Bank of the United States (Eximbank) announced that it had authorized a loan of $60.4 million and a guarantee of a private loan of $8.1 million to the Bank of China. The credit will support exports of $80.5 million in U.S. goods and services for a steel cold-rolling mill at Baoshan, near Shanghai. The borrower will pay the balance of $12 million in cash.

The major U.S. supplier in the deal is Wean United, Inc. of Pittsburgh, Pa. The purchaser is the China National Technical Corporation, on behalf of the Ministry of Metallurgy. Wean United estimates that the contract will generate 1 million hours of direct labor in the Pittsburgh area and additional work in other regions throughout the United States. 5/

1/ USDA, Ibid., FG-35-82, Nov. 12, 1982, p. 1

2/ The Soviets concluded the agreement with France in October 1982, following the quarter under review.

3/ USDA, FG-35-82, p. 2.

4/ The New York Times, Oct. 19, 1982, sec. 4, p. 1.

5/ Exim News, Sept. 21, 1982.

When China was granted most-favored nation tariff treatment by the United States, effective February 1980, it also became eligible for Eximbank financing. In December 1981, Eximbank made a preliminary commitment to extend the Baoshan loan, but at that time, a guarantee for the private loan was not yet considered. At the beginning of 1981, following the very first round of loan negotiations with Eximbank, the Chinese halted the construction of this project. 1/ They later announced that the project would be resumed after receiving assurances that Japanese financing would be made available to complete its first phase.

Eximbank will charge 11 percent interest on the Baoshan loan. This is the prevailing Eximbank rate for loans awarded to countries classified as "poor" under the International Management on Export Credits adopted by the Organization of Economic Cooperation and Development (OECD). The loan will be repaid in 10 semiannual installments beginning November 15, 1986.

U.S. Administrative Action Affecting Imports From NME's

Market disruption cases

During July-August 1982, the U.S. International Trade Commission conducted two investigations under section 406 of the Trade Act of 1974 to determine whether certain imports from NME's are disrupting the U.S. market. Section 406 defines market disruption as occurring when imports of an article from a communist country "are increasing rapidly . . . so as to be a significant cause of material injury, or threat thereof . . ." to the domestic industry. The imports in question were (a) certain ceramic kitchenware and tableware and (b) canned mushrooms, both from China.

China's competitiveness in the U.S. market increased considerably when it received MFN status on February 1, 1980. At that time, the U.S. duty rate on many items imported from China—including both items subject to market disruption investigations—changed from the higher TSUSA column 2 rates of duty generally applicable to communist countries to the lower column 1 rates of duty applicable to those countries enjoying MFN status.

Certain ceramic kitchenware and tableware from China.—On August 3, 1982, the Commission determined by a 4-to-1 vote that imports of ceramic kitchenware and tableware from Chinaware are not disrupting the U.S. market for such products; therefore, the domestic industry producing these items is not eligible for import relief. 2/ The Commission instituted its investigation on May 24, 1982, following receipt of a petition from the American Dinnerware Emergency Action Committee. 3/

1/ 25th Quarterly Report . . ., p. 37.

2/ Voting in the negative were Chairman Alfred E. Eckes and Commissioners Paula Stern, Michael Calhoun, and Veronica A. Haggart. Commissioner Eugene J. Frank voted in the affirmative. Certain Ceramic Kitchenware and Tableware From the People's Republic of China: Report to the President on Investigation No. TA-406-8, USITC Publication 1279, 1982

3/ The 31st Quarterly Report . . ., p. 40.

The investigation covered household dinnerware, mugs, and certain related articles chiefly used for preparing, serving, or storing food or beverages or food or beverage ingredients. Such articles were of fine-grained earthenware, stoneware, chinaware, or subporcelain. Imports of chinaware accounted for over 90 percent of the articles under investigation. The investigation did not cover imports of bone chinaware or hotel chinaware.

The Commission found that the imports from China, even if rapidly increasing, were not a "significant cause" of material injury or threat thereof to the domestic industry. They found the domestic industry to consist of producers of earthenware, there being virtually no domestic production of low-cost chinaware. They concluded that increasing imports from China were " at most...one of several factors" contributing to the difficulties some domestic producers were experiencing, "but they are not a significant cause of those difficulties." 1/

Imports of earthenware from China were found to be small (1.4 percent of domestic consumption in 1981) relative to domestic earthenware production and imports from other sources. 2/ Imports of chinaware from China were found to have largely displaced imports of chinaware from Japan rather than domestic earthenware. 3/ China and Japan accounted for 83 percent of the U.S. chinaware market in 1980, with Japan having 55 percent and China 27 percent. 4/ In 1981, Japan and China accounted for 85 percent of the U.S. market, with China having 45 percent and Japan dropping to 40 percent. 5/

Canned mushrooms from China.—On September 21, 1982, the Commission reported to the President that it was evenly divided in determining whether market disruption exists with respect to imports of canned mushrooms from China. Two Commissioners found that Chinese canned mushrooms are disrupting the U.S. market and recommended that the President impose quantitative restrictions on such imports. 6/ The two members voting in the negative recommended that the President provide no relief. 7/ At the end of the third quarter of 1982, the President had not yet made his final determination in this case. 8/

1/ Report, p. 14.
2/ Id., p. 15.
3/.Id.,p. 19.
4/ Id. p. 18.
5/ Id. pp. 18-19.

6/ Voting against market disruption were Chairman Alfred E. Eckes and Commissioner Paula Stern; voting in the affirmative were Commissioners Eugene J. Frank and Veronica A. Haggart.

7/ Import relief, in the form of temporarily increased duties, has already been in effect since Nov. 1, 1980, applying to canned mushrooms from all countries entitled to MFN status. This relief is scheduled to terminate on Nov. 1, 1983.

8/ The President subsequently (on Nov. 30, 1982) announced that he was considering the determination of the Commission's voting in the negative as the determination of the Commission, therefore, he provided no relief. However, the President directed that such imports be monitored for possible later action. In the meantime, the domestic industry filed an antidumping complaint with the Commission and the Department of Commerce. The Commission instituted a preliminary antidumping investigation concerning imports of canned mushrooms from China on Oct. 18, 1982 (investigation No. 731-TA-115). On Nov. 22, the Commission voted unanimously that there was a reasonable indication that the domestic industry was being injured or was threatened with material injury.

The Commission instituted its market disruption investigation on July 9, 1982, at the request of the American Mushroom Institute. The Commission reported the penetration of the U.S. mushroom market by China earlier this year, citing data gathered in a prior investigation on U.S. canned mushroom imports from all sources. [1]

Information obtained in these two recent Commission investigations on canned mushrooms showed that imports from China surged from 265,000 pounds in 1979 [2] to 14.8 million pounds in 1981. Imports continued to increase in 1982, rising to 15.5 million pounds in January-June 1982 from 9.4 million pounds in January-June 1981. [3] The ratio of imports from China to U.S. canned mushroom consumption, by quantity, rose from less than 1 percent in 1979 to 6.8 percent in 1980 to 15.6 percent in 1981, and to 16 percent in January-June 1982. [4] Meanwhile, the combined share of Taiwan and South Korea--the two leading foreign suppliers of the U.S. market before 1980—declined from 44 percent in 1979 to 19 percent in 1981. [5] Data gathered in the investigation also showed that Chinese mushrooms penetrating the U.S. market have generally undersold these traditional suppliers. [6]

Production of canned mushrooms in China dates back many years, with fresh mushrooms grown throughout the country. In recent years, output has increased significantly, with an important share designated for export. Although processing techniques in China have been modernized, and some plants are similar to those used in the United States, hand labor is used for performing many of the necessary duties involved. [7]

Some fresh mushrooms grown in China reach the United States as canned mushrooms through Hong Kong and Macau (a Portuguese territory near Hong Kong). These supplies hold a significant share of the U.S. market, with their canners relying in large measure on fresh mushrooms from China as their raw material. [8] In 1980, China, Hong Kong, and Macau together accounted for 46 percent of world mushroom trade, of which China alone accounted for 36 percent. [9]

The Commission's market disruption investigation yielded data showing also that U.S. producers had to face financial difficulties at times during the period under consideration. [10] The two members of the Commission who voted in the negative found, however, that "a closer look at these indicators . . . shows that injury is not material and that the rapid increase in imports from China is not a significant cause of injury." [1] They found, among other things, that domestic producers' profit margins were stable or improving at the time Chinese imports were rapidly increasing, and that the increase in imports from China appeared to be largely at the expense of other foreign sources rather than U.S. canners. [2]

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[1] Certain Mushrooms: Report to the President on Investigation No. TA-203-13 . . ., USITC Publication 1239, April 1982.

[2] All pound amounts are in terms of "drained weight."

[3] Canned Mushrooms from the People's Republic of China: Report to the President on Investigation No. TA-406-9 . . ., USITC Publication 1293, September 1982, p. A-15.

[4] Ibid., p. A-6.

[5] Ibid., based on data on pp. A-6 and A-57, table 8.

[6] Ibid., p. A-69, table 10.

[7] Canned Mushrooms . . ., p. A-13.

[8] In 1980, the United States was the destination for about 89 percent of Hong Kong's canned mushroom exports and apparently of all of Macau's exports. These two suppliers combined accounted for 14.7 percent of U.S. apparent consumption and 29 percent of total imports in 1981.

[9] Canned mushrooms . . ., pp. A-13-14.

[10] Ibid., pp. A-16 and A-22.

Antidumping cases

Three antidumping investigations involving imports from NME's were in progress during July-September 1982. The cases involved cotton shop towels and polyester/cotton printcloth, both from China, and hot-rolled carbon steel plate from Romania.

Antidumping investigations are conducted by the Department of Commerce and the Commission. When the Commission makes an affirmative preliminary determination concerning material injury to the U.S. industry in a dumping case, the investigation is continued by the Department of Commerce, which is then responsible for determining whether the imported product is being, or is likely to be sold at less than fair value (LTFV) within the meaning of the Tariff Act of 1930, and if so, what the margin of dumping is. If the finding made by Commerce is affirmative, the investigation will be returned to the Commission for a final determination on the question of whether a domestic industry is materially injured by reason of LTFV sales.

Cotton shop towels from China.—On September 29, 1982, the Commission determined unanimously under section 733(a) of the Tariff Act of 1930 that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of cotton shop towels from China allegedly sold at less than fair value. [3] The Commission instituted the investigation on August 26, 1982, following receipt of a petition from Milliken & Co., of LaGrange, Ga. The Commission's affirmative preliminary determination [4] had the effect of continuing an investigation at Commerce on the question of LTFV sales.

Shop towels are used primarily for cleaning in industrial and commercial facilities. Imports from China rose steadily in absolute terms from less than 9 million pieces in 1978 to 94 million pieces in 1981. In January-July 1982, however, they amounted to 39 million pieces. This was 22 percent less than in the corresponding period of 1981. [5] The ratio of towels imported from China to apparent U.S. consumption surged from 5.4 percent in 1979 to 34.6 percent in 1981, amounting to 33.7 percent in January-July 1982. [6]

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[1] Ibid., p. 27.

[2] Ibid., pp. 28-29.

[3] Voting in the affirmative were Chairman Alfred E. Eckes and Commissioners Paula Stern, Eugene J. Frank, and Veronica Haggard.

[4] See: Shop Towels of Cotton From the People's Republic of China: Determination of the Commission in Investigation No. 731-TA-103, USITC Publication 1296, October 1982.

[5] Ibid. p. A-18.

[6] Ibid. p. A-19.

The Commission's unanimous affirmative (preliminary) determination of injury was made, among other factors—

> . . . in the light of import trends, sizable inventories held by importers and in Customs warehouses, indications of underselling and price suppression and lost sales. 1/

Polyester/cotton printcloth from China.—On September 14, 1982, the Commission determined unanimously under section 733(a) of the Tariff Act of 1930 that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of greige/cotton printcloth from China allegedly sold at less than fair value. 2/ The Commission instituted the investigation on August 5, 1982, following receipt of a petition from the American Textile Manufacturers Institute, and eight member companies. The Commission's affirmative determination 3/ had the effect of continuing an investigation at Commerce on the question of LTFV sales.

Greige polyester/cotton printcloth is unbleached and uncolored printcloth fabric in chief value of cotton but containing polyester. It is one of many fabrics produced by China's cotton textile industry, which is one of the largest in the world. In recent years, China has produced increasing quantities of blends of cotton and manmade fibers, especially for the export market. 4/

The Commission's investigation showed that imports of printcloth from China increased from 228,000 square yards in 1979 to 11 million square yards in 1980 and 57 million square yards in 1981. In January-July 1982, imports from China continued to increase to 38 million square yards compared with 33 million square yards in the corresponding period of 1981. 5/ The ratio of imports from China to apparent U.S. consumption increased, by quantity, from less than 0.5 percent in 1979 to almost 11 percent in 1981. Chinese printcloth continued to make inroads into the U.S. market in January-July 1982, rising to 13.6 percent compared with 10.8 percent in January-July 1981. 6/ The report shows that U.S. producers' inventories almost doubled from July 1981 to July 1982, 7/ and that the domestic industry experienced declining orders.

The investigation also produced data showing that during the period considered, imports from China were generally underselling the domestic product. 8/ The Commission concluded that "underselling was clearly a factor in the steady decline in the domestic producers' weighted-average prices from

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1/ Ibid., p. 11.

2/ Voting in the affirmative were Chairman Alfred E. Eckes and Commissioners Paula Stern, Eugene Frank, and Veronica Haggart.

3/ See: Greige Polyester/Cotton Printcloth From the People's Republic of China: Determination of the Commission No. 731-TA-101 . . ., USITC Publication 1289, 1982.

4/ Ibid., p. A-3.

5/ Ibid., p. A-21, table 10.

6/ Ibid., p. A-22, table 11.

7/ Ibid., p. A-13.

8/ Ibid., pp. A-25-A-30.

April-June 1981 to the present." 1/ The investigation also provided examples of U.S. sales lost to the lower-priced Chinese printcloth. 2/ Such data led the Commission to conclude that "there is a reasonable indication that printcloth from China has been underselling the domestic product, resulting in price suppression, price depression, 3/ and lost sales." 4/

Hot-rolled carbon steel plate from Romania.—On August 10, 1982, the Commission instituted a final investigation pursuant to section 735 of the Tariff Act of 1930 to determine whether a U.S. industry is materially injured or threatened with material injury by reason of imports of hot-rolled carbon steel plate from Romania, sold at LTFV (investigation No. 731-TA-58 [Final]).

This investigation was instituted following a preliminary determination by Commerce that there was a reasonable basis to believe that steel plate from Romania is being sold in the United States at LTFV. Commerce estimated, on a preliminary basis, the weighted-average dumping margin at 13.2 percent, and directed the U.S. Customs Service to suspend liquidation of entries and to require a security deposit from importers equal to the estimated dumping margin. 5/ Should Commerce make an affirmative final determination on the question of LTFV sales, the Commission will make a final determination on the question of injury.

Earlier, in February 1981, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or was threatened with material injury by reason of these imports (and those from other countries) allegedly sold at LTFV. 6/

Hot-rolled carbon steel plate is produced in Romania by Combinat Siderurgica Galati and Resita Steel Works, both fully integrated steelmakers. During 1978-80, Romania was a relatively minor supplier of carbon steel plate to the United States, accounting for less than 3 percent of total imports in each year. Imports of carbon steel plate from Romania in those years fluctuated between 15,000 short tons and 49,000 short tons. In 1981, however, imports of such merchandise from Romania jumped to 240,000 short tons. 7/ The ratio of imports of carbon steel plate from Romania to apparent U.S. consumption was 0.6 percent in 1978, 0.2 percent in 1979, 0.4 percent in 1980, and 3.3 percent in January-November 1981. 8/

1/ Ibid., pp. 10 and 11.

2/ Ibid., pp. A-30 and A-31.

3/ Price suppression indicates that competing imports exert a downward pressure on the prices of the U.S. product, preventing them from reflecting market forces; price depression indicates that competing imports have caused an actual decline in the prices of the U.S. product.

4/ Ibid., p. 11.

5/ 47 F.R. 3566.

6/ Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany: Determinations of the Commission . . . in Investigations Nos.731-TA-53 through 86 (Preliminary). . ., Vol. 1, USITC Publication 1221, February 1982.

7/ An update of statistics in the investigative report shows that imports from Romania declined from 184,000 short tons in Jan.-Sept. 1981 to 3,500 short tons in Jan.-Sep. 1982.

8/ Certain Steel Products, . . ., pp. II-34-35.

IMPORTS FROM THE NME's AND THE U.S. MARKET: MISCELLANEOUS OUTERWEAR OF TEXTILE MATERIALS AND CHINA TABLEWARE FROM CHINA

In the 31st Quarterly Report . . . , the Commission reported the results of a new trade monitoring system designed to identify imports from the NME's that might have an adverse effect on a U.S. industry. 1/ For this purpose, data on imported items were aggregated into product groups based on the Standard Industrial Classification (SIC). The results of the monitoring system indicated that imports of five product groups warranted further examination.

Two tests were applied in making the selections. First, in view of the small share of total U.S. imports accounted for by the NME's, it was assumed that there could not be many groups of products from an NME source which alone would account for a large share of the U.S. market. Yet even a small degree of market penetration by an NME might be significant if the degree of penetration from all sources suggested that the U.S. industry might be import sensitive. The selections were therefore limited to those U.S. product groups having over 1 percent import penetration by a single NME source, and, at the same time, over 10 percent total import penetration. The import penetration data were for 1980, the most recent year for which comprehensive data on domestic product shipments were available.

The second test was the rate of growth in the value of the imports in each product class from an NME source during the most recent periods for which data were available. This was considered to be a particularly important factor with respect to NME's, since state-controlled economies can in theory make rapid changes in the levels of their exports. Product classes that recorded a growth rate in imports from an NME source of 15 percent or more from 1980 to 1981 and also from January-June 1981 to January-June 1982 qualified for selection.

The rest of this report presents more detailed information on two of these product groups: miscellaneous outerwear of textile materials and china tableware. The U.S. industries that produce these products are examined, as well as imports from China and from other sources. Such information as could be obtained on the competing Chinese industries is also presented.

Miscellaneous Outerwear of Textile Materials

Description and uses

Miscellaneous outerwear is a combination of apparel products drawn primarily from industries classified in the SIC 2/ as those comprising establishments "not elsewhere classified" (n.e.c.). 3/ Consequently, the products covered here include a diverse list of apparel items, such as

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1/ Reporting of information on such products is required by sec. 410 of the Trade Act of 1974.

2/ The SIC classifies establishments (e.g., a factory) by the type of activity in which they are primarily engaged for purposes of collecting and presenting industry data.

3/ Industries included are parts of SIC 2329 (men's and boy's clothing), SIC 2339 (women's and misses' outerwear), and SIC 2369 (children's outerwear), all of which comprise establishments n.e.c; SIC 2253 (knit outerwear mills); and SIC 2387 (apparel belts).

All of the five product groups that met both criteria were imported from China. The selections are shown in table 12. 1/

Table 12.--Penetration of imports of specified product groups from China and from all countries, 1980, and imports from China, 1980, 1981, January-June 1981, and January-June 1982

Product group	Penetration of imports from—		Imports from China	
	China	All countries	1980	1981
	Percent		Million dollars	
Lace goods, n.e.s	1.6	34.3	1.33	2.39
Outerwear of textile material	1.1	21.4	88.11	112.29
Gloves, except sport, leather	3.1	23.0	17.04	27.39
China tableware	1.9	40.3	7.00	15.04
Artificial trees, feathers	2.6	43.8	9.59	18.74

Product group	Imports from China—Con.		Increase in imports	
	January-June—			
	1981	1982	1981 from 1980	Jan.-June 1982 from Jan.-June 1981
	Million dollars		Percent	
Lace goods, n.e.s	14.71	17.99	80.0	22.3
Outerwear of textile materials	43.89	70.68	27.4	61.0
Gloves, except sport, leather	11.99	13.85	60.7	15.5
China tableware	5.83	9.86	114.9	69.1
Artificial trees, feathers	3.85	8.31	95.4	115.8

Source: Official statistics of the U.S. Department of Commerce.

Note.—China's import penetration = (Imports from China) / (total imports + value of domestic shipments). Total import penetration = (Total imports) / (total imports + value of domestic shipments).

scarves, overalls, pants, shorts, warmup suits, swim wear, ski wear, and sweaters. Despite this diversity, however, two products predominate in terms of U.S. production and imports, especially from China. Men's and women's 2/ sweaters and women's trousers, 3/ in terms of value, account for more than half of U.S. production and more than three-fourths of imports of these products. In addition, these commodities account for more than three-fourths of the imports from China.

Men's and women's sweaters are made mostly in knit outerwear mills (SIC 2253); the remainder are made in cut-and-sew shops. In knitting mills, the components of a sweater are usually knit separately to body size and then

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1/ This table was adapted from a table in the 31st Quarterly Report . . ., p. 61.

2/ "Men's" also includes products intended to be worn by boys, and "women's" includes products for girls and infants.

3/ Also includes jeans, jean-cut casuals, slacks, and outer shorts.

joined together. In cut-and-sew shops, sweaters are made from purchased knit fabrics which are cut to a pattern and sewn together. More than three-fourths of the sweaters produced domestically are made of manmade fibers (especially acrylic), with wool and cotton accounting for almost all the remainder. In addition, about two-thirds of the sweaters produced are intended to be worn by women, and the remainder, by men.

Women's trousers are manufactured almost entirely in cut-and-sew establishments classified in SIC 2339 and 2369. Most of the trousers sold in the United States are made from woven fabrics, primarily because of the popularity of jeans and jean-cut casual slacks. With the increase in preference for easy-care garments, manmade fibers have increased in importance and now account for more than half the trousers produced domestically.

Imports of sweaters and trousers are classified for tariff purposes in subpart F, part 6, of schedule 3, of the TSUSA. The column 1, or MFN, rates of duty on sweaters range from 9 percent to 41.3 percent ad valorem, and the column 2, or discriminatory, rates range from 45 percent to 90 percent. The average rate, based on 1981 imports, is 30 percent ad valorem. The column 1 duties on women's trousers range from 6 percent to 40.4 percent ad valorem and the column 2 rates, from 35 percent to 90 percent; the average rate is 26 percent ad valorem.

Imports of sweaters, trousers, and other textile products of cotton, wool, and manmade fibers are subject to control under the Arrangement Regarding International Trade in Textiles, known as the Multifiber Arrangement (MFA). The MFA provides the legal framework for a series of bilateral agreements among 50 participating countries with the objective of providing for the orderly development of international trade in textiles and apparel. China is not a signatory to the MFA; however, the United States has a 3-year textile trade agreement with China that was negotiated under section 204 of the Agricultural Act of 1956. This agreement, which is similar to agreements negotiated under the MFA, will expire on December 31, 1982.

The U.S. industry

The characteristics of the industries producing the outerwear covered here differ little from those of the apparel industry as a whole. [1] In general, industries manufacturing the outerwear comprise a large number of relatively small companies. Their production processes involve numerous manual operations and frequent fashion and seasonal changes, dictating small production runs. As a result, investment in capital-intensive equipment and gains in productivity have been limited. At the same time, labor and material costs have been rising and imports from low-wage countries have been increasing, with imports' total share of the U.S. market for outerwear climbing from 19 percent in 1977 to approximately 25 percent in 1981.

About half the value of total miscellaneous outerwear production was contributed by the women's outerwear industry (SIC 2339). In this industry, which had over 1,600 establishments in 1980, about 85 percent of the establishments employed fewer than 100 workers. Employment rose somewhat, from 119,000 workers in 1977 to 123,000 in 1981, and hourly wages increased

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[1] For a more detailed discussion of the U.S. apparel industry as a whole, see U.S. International Trade Commission, Emerging Textile-Exporting Countries: Report on Investigation No. 332-126 . . ., USITC Publication 1273, August 1982, pp. A-9-A-12.

37 percent in this period to $4.77, which was considerably higher than the hourly rates of $1.50 or less paid in the principal foreign supplying countries (i.e., Hong Kong, Taiwan, and the Republic of Korea). This disparity is significant since labor, on the average, accounts for about a third of the wholesale value of U.S.-produced apparel.

The ratio of payroll to value added in the women's outerwear industry, an indication of labor intensity, was 48 percent in 1980 compared with 45 percent for all manufacturing. The value added per production worker in this outerwear industry (approximately $19,500 in 1980) increased 9 percent during 1977-80, reflecting small annual gains in productivity. Capital expenditures averaged about $480 per worker annually during the same period, compared with $4,160 for all manufacturing. As an indication of the rising costs encountered by the domestic industry, labor costs in the women's outerwear industry rose 41 percent during 1977-81, while the value of industry shipments increased only 28 percent. It is estimated that the value of this industry's shipments totaled $4.2 billion in 1981, with products included in the miscellaneous outerwear category accounting for 70 percent of these shipments.

The knit outerwear industry (SIC 2253), with 876 establishments, contributed about 25 percent of the value of miscellaneous outerwear production during 1977-81. Knitting is somewhat less labor intensive than cut-and-sew production; as a result, capital expenditures and value added per worker are higher. In 1980, capital expenditures for knit outerwear firms averaged $840 per production worker, and value added, $23,100. In addition, the ratio of payroll to value added in 1980, at 47 percent, was less than that for the women's outerwear industry.

Knit outerwear industry shipments, over half of which were included in the miscellaneous outerwear category, increased nearly 13 percent during 1977-81, to an estimated $2.6 billion. Although hourly wages, $5.05 in 1981, increased 35 percent during this period, employment declined 6 percent, to a total of 60,700 workers.

U.S. consumption

U.S. consumption of miscellaneous outerwear increased 25 percent during 1977-81, to a total of $8.0 billion (table 13). Most of the growth in consumption was generated by imports, whose market share grew from 19 percent in 1977 to 25 percent in 1981, when imports totaled $2.0 billion. Domestic production rose 17 percent from $5.3 billion in 1977 to $6.2 billion in 1981. The three products in this apparel group that contributed most significantly to the increase in the value of consumption were women's trousers, sweaters, and active sportswear.

Consumption of women's trousers rose nearly 40 percent during 1977-81, to a total of $3.0 billion, and contributed approximately 55 percent of the increase in the value of U.S. outerwear consumption. However, as shown in table 13, in 1981 the quantity of trousers consumed was only about 1 million dozen pairs more than the 40.3 million dozen consumed annually, on the average, during 1977-80. The popularity of casual slacks and especially fashion jeans—which entailed more detailed, decorative stitching and therefore had higher unit values—accounted for most of the growth in the value of consumption of trousers.

Table 13.--Miscellaneous outerwear: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, by types, 1977-81

(Quantity in thousands of dozens; value in millions of dollars)

Type and year	Production	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
	Quantity				
Women's trousers:					
1977	28,503	1,271	11,569	38,801	30
1978	28,033	971	13,105	40,167	33
1979	28,970	1,059	11,963	39,874	30
1980	30,532	2,081	14,058	42,509	33
1981	1/ 27,245	1,405	15,442	41,282	37
Sweaters:					
1977	11,952	120	11,944	23,776	50
1978	10,762	52	11,766	22,476	52
1979	9,274	53	10,075	19,296	52
1980	8,683	113	12,496	21,066	59
1981	1/ 8,634	108	12,420	20,946	59
	Value				
Women's trousers:					
1977	1,809	6	384	2,187	18
1978	1,913	29	448	2,332	19
1979	2,120	33	445	2,532	18
1980	2,407	35	578	2,950	20
1981	1/ 2,360	30	724	3,054	24
Sweaters:					
1977	797	3	547	1,341	41
1978	774	3	573	1,344	43
1979	697	3	509	1,203	42
1980	719	5	702	1,416	50
1981	1/ 725	6	788	1,507	52
Total miscellaneous outerwear 2/:					
1977	5,304	116	1,212	6,400	19
1978	5,497	89	1,426	6,834	21
1979	5,365	122	1,337	6,580	20
1980	6,181	152	1,684	7,713	22
1981	1/ 6,170	177	1,999	7,992	25

1/ Estimated by the staff of the U.S. International Trade Commission.

2/ Quantity data not available for production and apparent consumption.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Domestic production of women's trousers, which averaged 29.0 million dozen pairs annually during 1977-80, dropped to 27.2 million dozen in 1981, primarily because of a decline in the popularity of western-style jeans and slacks. Despite higher productivity in the United States, foreign suppliers can produce garments with more tailoring and decorative stitching at lower costs than U.S. manufacturers because of relatively low wage rates. Fashion jeans were a major imported product. As a result, imports increased 33 percent in quantity and nearly 90 percent in value during 1977-81. In terms of quantity, imports supplied 37 percent of the domestic women's trousers market or 15.4 million pairs, valued at $724 million, in 1981.

Sweaters accounted for a fifth of the total value of U.S. outerwear consumption in 1981. Domestic sweater consumption increased 12 percent during 1977-81, to a total of $1.5 billion. However, in terms of quantity, consumption decreased from 23.8 million dozen to 20.9 million dozen, as shown in table 13. Mix-and-match fashion coordinates, which usually include a jacket, and multiseason active sportswear such as warmup suits increased in popularity during this period, replacing sweaters in fashion trends.

Domestic production of sweaters decreased significantly from 12.0 million dozen in 1977 to 8.6 million dozen in 1981. Price-competitive imports, on the other hand, averaged about 11.7 million dozen annually. However, the value of these imports increased from $547 million in 1977 to $788 million in 1981. Since U.S. import restraints 1/ are based on quantity, not value, foreign suppliers have traded up to higher value added, more profitable products to maximize their export earnings. In 1981, imports accounted for 59 percent of the U.S. sweater market in terms of quantity and 52 percent in terms of value.

Active sportswear, such as athletic shorts, warmup suits, swim wear, and ski wear designed for sports but often worn as leisure wear, is estimated to have contributed up to 20 percent of the increase in the value of domestic miscellaneous outerwear consumption during 1977-81. Trade sources contend that general growth in leisure time and sports activities contributed to increased consumption of active sportswear. Domestic production of these products increased during this period from approximately 7 million dozen, valued at $466 million, in 1977 to an estimated 10 million dozen, valued at over $776 million, in 1981.

U.S. imports from China

Imports of miscellaneous outerwear from China began to penetrate the U.S. market as early as 1978, despite the substantially higher column 2 rates of duty that applied to Chinese textiles and apparel at that time. In May 1979, after a series of bilateral negotiations had failed to stem the inflow, the United States placed quantitative restrictions on imports of three items from China in this product group: men's manmade-fiber sweaters, women's manmade-fiber sweaters, and women's cotton trousers. Nonetheless, with the continued growth of other items not subject to a quota, annual imports of miscellaneous outerwear from China increased from less than 950,000 dozen items, valued at $20.3 million, in 1978 to almost 3.2 million dozen items, valued at $112.3 million, in 1981 (table 14).

1/ Import restraints are discussed in the U.S. import section.

Table 14.—Miscellaneous outerwear: U.S. imports for consumption, by principal sources, 1978-81, January-September 1981, and January-September 1982

Source	1978	1979	1980	1981	January-September— 1981	January-September— 1982
	Quantity (dozen pieces)					
Hong Kong	12,545,469	11,201,263	11,325,544	11,125,706	7,784,733	9,020,914
Taiwan	10,709,314	9,179,218	11,361,627	10,633,692	8,045,482	8,732,845
Republic of Korea	4,421,858	3,501,648	4,423,748	5,292,940	4,282,850	4,334,182
China	941,945	1,701,861	2,732,956	3,176,861	2,342,184	3,479,001
Japan	5,959,508	3,314,361	2,630,038	3,199,661	2,480,188	2,075,156
Philippines	3,517,751	3,075,836	3,103,636	3,451,112	2,636,209	2,553,569
Mexico	1,197,844	1,556,522	2,551,867	2,353,525	1,461,174	2,240,846
Italy	1,282,598	992,178	694,917	661,413	539,925	316,971
United Kingdom	249,563	210,814	156,380	161,402	105,275	143,021
Macau	387,764	607,893	513,627	561,081	479,919	404,590
All other	5,835,795	6,742,043	7,911,395	10,242,667	7,279,741	7,427,478
Total	47,049,409	42,083,637	47,405,735	50,860,060	37,437,680	40,728,573
	Value (1,000 dollars)					
Hong Kong	443,555	450,434	557,727	627,140	439,560	495,184
Taiwan	312,906	283,935	393,869	430,458	323,617	334,980
Republic of Korea	138,416	123,829	182,695	249,139	195,781	195,353
China	20,345	37,220	88,107	112,286	81,541	121,795
Japan	124,814	72,826	67,276	103,133	78,697	79,063
Philippines	50,292	49,100	59,052	78,452	60,940	58,898
Mexico	41,618	43,802	51,789	59,712	46,708	33,530
Italy	70,288	59,830	56,642	57,987	41,899	46,708
United Kingdom	31,395	27,932	28,850	30,342	19,764	23,368
Macau	12,855	16,852	21,163	25,117	21,027	18,723
All other	179,648	171,216	176,437	224,841	165,805	191,981
Total	1,426,132	1,336,975	1,683,608	1,998,606	1,475,337	1,599,583
	Unit value (per dozen pieces)					
Hong Kong	$35.3558	$40.2128	$49.2450	$56.3686	$56.4643	$54.8929
Taiwan	29.2181	30.9324	34.6666	40.4806	40.2234	38.3586
Republic of Korea	31.3027	35.3631	41.2986	47.0701	45.7127	45.0726
China	21.5989	21.8700	32.2388	35.3448	34.8140	35.0087
Japan	20.9436	21.9728	25.5800	32.2326	31.7302	38.0999
Philippines	14.2966	15.9633	19.0268	22.7323	23.1165	23.0648
Mexico	34.7442	28.1407	20.2945	25.3712	31.9663	14.9631
Italy	54.8015	60.3013	81.5097	87.6721	77.6020	147.3584
United Kingdom	125.7984	132.4941	184.4876	187.9899	187.7348	163.3867
Macau	33.1508	27.7227	41.2038	44.7651	43.8139	46.2753
All other	30.7838	25.3953	22.3016	21.9514	22.7762	25.8474
Average	30.3114	31.7695	35.5149	39.2962	39.4078	39.2742

Source: Compiled from official statistics of the U.S. Department of Commerce.

The largest annual increase in imports, in both quantity and value, occurred in 1980, when the United States-China trade agreement, which provided for the reciprocal extension of MFN tariff treatment, became effective. 1/ The increase in value was partly attributable to the much higher unit value of these imports compared with that in 1979 (table 14). In recent years, the Chinese have expanded the variety of their apparel exports, offered a number of new fabric designs, and introduced measures to control and upgrade the standard of quality.

A bilateral agreement on trade in textiles was signed by the United States and China in September 1980, establishing mutually acceptable import limits on the items of miscellaneous outerwear previously subject to unilateral restrictions 2/ and providing for consultation with the Chinese whenever increased imports of any textile or apparel product not covered by the agreement threatened to disrupt the U.S. market. This provision includes a formula for the automatic imposition of a 12-month limitation on an item if, after consultation, mutual agreement on the level of imports cannot be reached. The provision was first used in early 1981, when a single formula limit was applied to imports of both men's and women's woolen sweaters from China, 3/ bringing to five the number of restricted items in the miscellaneous outerwear category.

The textile pact appears to have initially curbed the rise in imports of miscellaneous outerwear from China, which increased only $24.2 million or 27 percent in 1981 4/ after increasing $50.9 million or 137 percent in 1980. However, during January-September 1982, the import value of this product group grew by almost 50 percent from its level in the corresponding period of 1981. 5/ As a result, during 1982 the United States invoked the consultation mechanism of the agreement to impose specific import limits on four additional items of miscellaneous outerwear from China: women's manmade-fiber trousers, women's cotton sweaters, men's cotton sweaters, and women's cotton playsuits.

1/ The United States-China trade agreement was approved by Congress in January 1980 and became effective on Feb. 1.

2/ Five additional items of apparel from China that had been previously restricted under unilateral quotas were also included in the agreement: cotton gloves, women's cotton knit shirts, women's woven cotton blouses, men's woven cotton shirts, and men's cotton trousers.

3/ When U.S. and Chinese negotiators were unable to reach agreement on the level of imports during the 90-day consultation period, which began in October 1980, a 12-month import limit—as specified by the agreement—was imposed on woolen sweaters in January 1981. This formula limit was replaced by a mutually acceptable annual limit that was negotiated in September 1981.

4/ Data compiled for the 29th Quarterly Report . . . indicate that total imports for consumption of apparel from China increased 56 percent from $219.3 million in 1980 to $342.2 million in 1981.

5/ Total imports of apparel from China increased 61 percent from January-September 1981 to January-September 1982. (See section on third-quarter developments in trade between the United States and nonmarket economy countries in this report.)

Women's trousers and men's and women's sweaters together accounted for 76 percent of the value and 71 percent of the quantity of China's exports of miscellaneous outerwear to the United States in 1981. Imports of women's trousers from China almost doubled in value from 1980 to 1981, increasing from 1.1 million dozen items, valued at $25.1 million, to more than 1.4 million dozen items, valued at $49.5 million. This was followed by a 36-percent increase in January-September 1982 compared with January-September 1981. After a sharp rise in the volume of imports from China in early 1982, the United States called for consultation on women's manmade-fiber trousers on April 30, and a 12-month limit (which included those imports arriving after April 30) was imposed on July 30. Women's woolen trousers from China remain unrestricted.

Conversely, imports of sweaters from China declined sharply in 1981, attesting to the effectiveness of the formula limit applied to woolen sweaters. When this 12-month quota was filled in February—only a few weeks following its application—further shipments of woolen sweaters from China were embargoed until an agreement establishing a level of trade acceptable to both the United States and China was concluded in September 1981. Imports from China, led by cotton sweaters, climbed again in 1982, increasing to $42.8 million in January-September from $25.8 million in January-September 1981. Cotton sweaters, the only category of Chinese sweaters not previously restricted, were placed under a formula limit in late August.

Women's playsuits accounted for 18.4 percent of the value and 21.6 percent of the quantity of China's exports of miscellaneous outerwear to the United States in 1981. Imports of this item have been growing rapidly, more than doubling in 1981 from 1980 and increasing by 36 percent in value, to $11.8 million, and 34 percent in quantity, to 512,782 dozen pieces, in January-September 1982 from January-September 1981. A formula limit was imposed on women's playsuits from China, which are primarily overalls and similar children's clothing, in April 1982.

Despite the restrictions applied to one item after another, China's share of the U.S. import market for miscellaneous outerwear, whether measured by quantity or value, has continued to increase (table 15). In terms of value, China has ranked fourth, following Hong Kong, Taiwan, and the Republic of Korea, since 1980; in terms of quantity, it shared the fourth-ranking position as a supplier to the United States with Japan until January-September 1982, when China increased its share by more than 2 percentage points as Japan's share declined. However, the effect of the specific limits imposed on women's manmade-fiber trousers, cotton sweaters, and women's cotton playsuits from China is not fully reflected in the data for January-September 1982. 1/

The United States-China pact on trade in textiles will expire at the end of 1982. With domestic textile manufacturers putting pressure on the U.S. Government to curtail imports from China and the Chinese demanding higher quotas, negotiations on a new agreement have been difficult. After the breakdown of two rounds of talks that ended in October, U.S. officials defined the parameters within which they are willing to continue to negotiate with the Chinese. If a settlement is not reached by December 31, section 204 of the

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1/ As a result of the flood of apparel and other textile products entering the United States from China during 1982, the total number of items subject to import limits increased to 28 as of Dec. 1, 1982. The U.S. industry is pressing the Government for restrictions on 14 additional items.

Table 15.—Miscellaneous outerwear: Percentage distribution of U.S. imports for consumption, by principal sources, 1978-81, January-September 1981, and January-September 1982

Source	1978	1979	1980	1981	January-September— 1981	January-September— 1982
	Percent of total customs value					
Hong Kong	31.1019	33.6905	33.1269	31.3789	29.7938	30.9571
Taiwan	21.9409	21.2371	23.3943	21.5379	21.9351	20.9417
Republic of Korea	9.7057	9.2619	10.8514	12.4656	13.2702	12.2127
China	1.4266	2.7839	5.2332	5.6182	5.5269	7.6142
Japan	8.7519	5.4471	3.9960	5.1603	5.3342	4.9427
Philippines	3.5265	3.6725	3.5075	3.9253	4.1306	3.6821
Mexico	2.9183	3.2762	3.0761	2.9877	3.1659	2.0962
Italy	4.9286	4.4750	3.3643	2.9014	2.8400	2.9200
United Kingdom	2.2014	2.0892	1.7136	1.5182	1.3396	1.4609
Macau	.9014	1.2605	1.2570	1.2567	1.4252	1.1705
All other	12.5969	12.8062	10.4797	11.2499	11.2384	12.0020
Total	100.00	100.00	100.00	100.00	100.00	100.00
	Percent of total quantity					
Hong Kong	26.66	26.62	23.89	21.8751	20.7938	22.1489
Taiwan	22.76	21.81	23.97	20.9077	21.4903	21.4416
Republic of Korea	9.40	8.32	9.33	10.4069	11.4399	10.6416
China	2.00	4.04	5.77	6.2463	6.2562	8.5419
Japan	12.67	7.88	5.55	6.2911	6.6248	5.0951
Philippines	7.48	7.31	6.55	6.7855	7.0416	6.2697
Mexico	2.55	3.70	5.38	4.6275	3.9030	5.5019
Italy	2.73	2.36	1.47	1.3005	1.4422	.7783
United Kingdom	.53	.50	.33	.3173	.2812	.3512
Macau	.82	1.44	1.08	1.1032	1.2819	.9934
All other	12.4035	16.02	16.69	20.1389	19.4450	18.2365
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Computed from official statistics of the U.S. Department of Commerce.

Agricultural Act of 1956 allows the United States to unilaterally impose quotas, to replace the limits in effect under the agreement and add new restrictions if required.

The industry in China

In early 1978, when China began to rapidly expand its foreign trade to build a modern economy, textile fabrics and apparel were the major products on which Government leaders could depend to earn the foreign exchange to purchase Western technology and equipment. A mechanized industry with approximately 15 million spindles--about equal to the number of active spindles in the United States 1/—was already in place. Thus, despite the series of "readjustments" made beginning in 1979 to reduce investment expenditures, the development of the textile industry has remained a leading national objective. Export revenues were initially the primary impetus for growth, but, more recently, a drive by the Government to raise the standard of living of the Chinese people has increased the demand for clothing in China to a level that currently far exceeds the supply.

Very little statistical information is available on the industry in China; that which is relates primarily to the textile industry, which is separate from the apparel industry. On the other hand, most of the data issued by the Chinese Government on the growth rate of the industry probably include not only the production of fibers, yarns, and fabrics, but also the output of clothing. In this context, clothing is still a small segment of the industry, although the growth in exports and the rise in domestic consumption indicate that apparel manufacturing has increased substantially in recent years.

Data supplied by the World Bank following a mission to China in 1980 show the total number of enterprises in the textile and apparel industries and the gross value of output at the end of 1979 to be as follows: 2/

	Number of enterprises	Gross value of output (million yuan)
Textiles, including synthetic fibers	13,036	59,306
Wearing apparel, footwear, and leather products 1/	23,551	13,880

1/ Since no data on the number of enterprises producing only clothing of textile materials were available, it should be noted that the production of footwear is also increasing in China.

The large number of enterprises indicates that the data include many very small producers; thus, in both industries fewer than half probably account for the bulk of production. However, even if only the larger enterprises are

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1/ Emerging Textile-Exporting Countries, p. A-59.

2/ World Bank, China: Socialist Economic Development, Rept. No. 3391-CHA, annex D, June 1, 1981, p. 9.

taken into account, the two industries appear to differ significantly in efficiency and technical strength. The World Bank mission found the spinning, weaving, and fabric-finishing plants that they visited to be well managed and technically good by international standards. By contrast, the garment factories they toured, though probably outstanding by Chinese standards, were "backward and had low rates of machine utilization by international standards." 1/ Most of the plants producing textiles and apparel are located in Shanghai and the adjacent provinces of Jiangsu and Zhejiang, the traditional centers of production, but under state planning some have been constructed in other areas, including frontier and national minority regions.

In 1979-81, during the process of readjusting the economic modernization program, China's leaders reordered development priorities and made sharp cutbacks in capital construction, especially in the heavy industries. However, investment in the textile and other light industries was increased or maintained at the level of the previous year. Following increases of 17 percent in 1977 and 16 percent in 1978, textile production grew by 14 percent in 1979. An even higher priority was accorded the industry in 1980, raising the average increases in the gross value of textile output during 1979 and 1980 to 18.7 percent a year. These gains were followed by a reported 17-percent increase in the value of output in 1981. 2/

Reports from Chinese sources and a few Western observers provide some details about the changes in the industry underlying these impressive growth rates. While information on the apparel industry is limited, descriptions of developments in the production of cotton, woolen, and manmade-fiber fabrics indicate that the Chinese have laid the foundation for substantial advances in the production of miscellaneous outerwear and similar clothing.

In 1979, China was already the world's largest producer of cotton cloth, 3/ and the 1980 investment plans called for the construction of eight new cotton mills. However, in recent years the emphasis has been placed on expanding the production of manmade-fiber fabrics, with the construction of 21 new chemical fiber plants scheduled to begin in 1980. Manmade fibers rank second to cotton in their use in the manufacture of clothing in China, but account for only a 12-percent share; 4/ their share of the fibers used in world apparel production is almost 50 percent. China is also continuing to invest in plants to manufacture woolen products—fabrics, rugs, knit outerwear, and woven garments—which have a higher value added per item than comparable cotton products and thus greater foreign exchange earning power, especially in the restricted U.S. and European import markets.

At the production level, the Chinese have increased the proportion of the colored and printed fabrics used in clothing manufacture and have raised value added in the production of knit outerwear through the use of trimmings, inlaid

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1/ Ibid., p. 55.

2/ Data compiled by U.S. Department of Commerce, International Trade Administration, in China's Economy and Foreign Trade, 1979-81, May 1982, pp. 4 and 8-9.

3/ Foreign Broadcast Information Service, China Report: Economic Affairs, Rept. No. 205, Feb. 18, 1982, p. 15. Official Chinese economic statistics show that China produced 12.1 billion meters of cotton cloth in 1979 and 13.5 billion meters in 1980. The Department of Commerce estimated that output reached 14.0 billion meters in 1981 (China's Economy and Foreign Trade, 1979-81, p. 26).

4/ China's Foreign Trade, March-April 1981, p. 2.

designs, and color matching. Particular emphasis has been placed on improving the quality of the fabrics and apparel and developing brand-name products. Although only a few factories have introduced management techniques to maintain total quality control, the investment in equipment to improve the standard of product quality—such as automatic evener devices and photoelectric weft straighteners—has been increased. On the other hand, very little has been invested in modern laborsaving machinery, since by international standards the wages of China's textile workers are extremely low. 1/

Approximately two million people in China are employed in apparel production, with another three million working in the textile plants. The productivity level in the apparel factories is reported to be about one-third that found in the United States, 2/ owing to the older machinery used and the low level of process scheduling. However, the low wage rates paid in China more than offset the lower level of productivity, so that labor costs per unit are six to eight times lower than in the U.S. apparel industry. 3/

The general consensus among Western observers in the textile trade is that, at the present time, China's clothing exports consist primarily of standard quality, low-priced products, whose major selling point is cheapness. An official of the Federation of Hong Kong Garment Manufacturers placed Chinese garments at 6 to 10 percent lower in price than items of comparable quality from other apparel-exporting countries. 4/ Some of the Chinese exports sell in the medium-price range, in particular some of the woolen sweaters, which are generally of higher quality than most of the cotton and manmade-fiber products.

Faced with increasing quota restrictions on its apparel in both the U.S. and European markets, China's opportunity for increasing export revenues lies mainly in producing higher-quality products. However, several factors are keeping the Chinese apparel industry from penetrating the medium- to high-price market. Among the problems are China's emphasis on mass-production targets, so that priority is given to large orders and the delivery of smaller orders is delayed; the lack of supporting factories for producing accessory items such as buttons and zippers; and the lack of information on market conditions and trends. Most export orders are now produced using design specifications and accessories supplied by the buyers. Thus the Chinese industry has not yet acquired the experience and fashion sophistication to become a leading world apparel supplier.

1/ Estimates indicate that the average wage rate in the garment factories is approximately equivalent to 25 cents an hour. For a detailed discussion of wages in China's textile industry, see Emerging Textile-Exporting Countries, pp. A-63 and A-64.

2/ Ibid., p. A-63.

3/ Ibid.

4/ China Trade Report, September 1982, p. 10.

China Tableware

Description and uses

The chinaware table and kitchen articles covered in this report are used chiefly for preparing, serving, or storing food or beverages or food or beverage ingredients in the home and in commercial establishments or institutions (TSUS items 533.52-533.79). The current U.S. column 1 rates of duty range from 13.0 percent ad valorem to 41.9 percent ad valorem. The current U.S. column 2 rates of duty range from 55 percent ad valorem to 75 percent ad valorem.

The primary raw materials for chinaware table and kitchen articles are ball clay, china clay or kaolin, flint, and feldspar. Other materials are also added to the basic raw materials to serve as fillers and to provide certain desired characteristics. All these materials are relatively abundant and are supplied by domestic and foreign sources. These materials are mixed together with water, generally in an automated process, to form a liquid clay known as slip. The slip is passed through fine screens and over powerful magnets to remove metallic impurities. If the clay is to be used in solid form, the slip is pumped into filter presses to remove water and leave the clay with a puttylike consistency. The clay is then placed in a pug mill, where it undergoes a deairing process and is then ready for use.

Clay in this state is usually formed into ware by a process known as jiggering. This method of production is generally done by machine, but can also be done by hand. A slab of clay is thrown onto a mold and formed by applying pressure to the clay with a profile tool as the mold rotates. This method can be used in making plates, cups, saucers, and so forth.

Liquid clay is generally formed into ware by a casting process. In this process, slip is poured into a mold (usually made of plaster of paris because of its porosity) and the excess is poured off, leaving an even lining of clay on the inside of the mold. The mold absorbs the excess water from the slip, thus firming and hardening the clay. After sufficient time, the ware is removed from the mold and dried. This process is generally used for hollow ware or for unusual or complicated shapes.

Some ware is also formed by a pressing process. The clay slab is placed between top and bottom molds and pressed in a hydraulic press.

The unfired ware is known as greenware. After smoothing rough edges and applying handles or feet for cups, the ware is fired in kilns, which generally use natural gas. This first firing is called the bisque firing and usually involves the highest temperature to which the ware will be subjected. Porcelain, however, is generally fired at the lowest temperature first, and subsequent firings are at progressively higher temperatures. Some manufacturers use a one-fire process, wherein the greenware is decorated, glazed, and fired only once.

After the first firing, the ware is usually decorated, glazed with a glasslike substance, and fired again (not necessarily in that order). Decorations can be applied under the glaze, over the glaze, or on the glaze; firing on the glaze means that the glaze and decoration are fired together with the decoration melting into the glaze.

There are numerous methods of decoration available to the industry, the most common of which are the use of colored slip (engobe), colored glazes, stamping, decals, embossing, banding (with metallic substances or colors), and hand painting. The less expensive ware is usually decorated by machine, then fired, glazed, and fired again. The ware may be fired numerous times during the decorating process if the use of different colors or decorations requires different firing temperatures.

There are several categories of chinaware in the TSUS. Subporcelain articles are fine-grained ceramic ware, which may or may not be glazed or decorated, that has a fired body which is white (unless artificially colored) and will absorb more than 0.5 percent but not more than 3.0 percent of its weight of water. 1/

Chinaware and porcelain refer to fine-grained ceramic ware, which may or may not be glazed or decorated, that has a body which is white (unless artificially colored) and will not absorb more than 0.5 percent of its weight in water. 2/ Included under this category is bone chinaware, the body of which contains by weight 25 percent or more of calcined bone. 3/

Another term used in describing ceramic table and kitchen articles is "available in specified sets," which refers to a pattern in which certain specified pieces 4/ are sold or offered for sale. The individual articles do not have to be sold together, nor do they have to be imported in the same shipment. Production or the offer to produce is considered as being "offered for sale." In addition, each article does not have to be of the same color to be considered "available in specified sets," if the articles are color coordinated. These articles are generally referred to as dinnerware.

Those articles that do not meet the above description are generally referred to as nondinnerware. Such ware consists chiefly of mugs, beverage and dessert sets, and other short-line (incomplete) services and articles designed primarily for preparing and storing food and drink.

The U.S. industry

The chinaware industry consisted of 28 establishments in 1977, half of which employed fewer than 20 workers. The number of establishments in this industry is believed to have declined since that time. These firms are located primarily in Appalachia and the Middle Atlantic states. The firms generally manufacture either household chinaware or commercial chinaware for use in restaurants, hospitals, and other institutions. The household chinaware sector is dominated by one company; market shares for the commercial chinaware sector are more evenly distributed among the producers. Total employment in the chinaware industry in 1981 was believed to be 7,500 workers, of which 6,000 were production workers.

This industry is highly labor intensive. Although the bulk of the basic tableware articles are formed by jiggering, many shapes cannot be formed by machine and must be cast or hand jiggered. The degree of mechanization possible depends largely on the number of products manufactured, the type of

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1/ See headnote 2(d) to pt. 2, schedule 5, of the TSUS.
2/ See headnote 2(e) to pt. 2, schedule 5, of the TSUS.
3/ See headnote 2(f) to pt. 2, schedule 5, of the TSUS.
4/ See headnote 2(c) to pt. 2, schedule 5, subpt. C, of the TSUS.

ware produced, and the length of production runs. A high degree of mechanization is not economical for a producer working on a job-order basis or a producer of unusual or custom shapes or decorations. Producers with a limited product line, simple shapes, and a large volume can operate most economically with a high degree of mechanization.

Current financial data for the industry are unavailable since many of these companies are privately held. The household chinaware sector is dominated by a diversified company that has enjoyed financial success in nearly all aspects of its operations, according to the firm's annual reports. The commercial chinaware sector has not fared as well, according to industry sources, due to the adverse impact of imports and the general economic downturn.

Price is a major competitive factor in this market, especially in the commercial chinaware sector. In this sector, U.S. merchandise competes with ware of similar quality but of generally lower price due to lower wage rates in Far East countries, the principal supplying area of the world. Price has become an increasingly important factor in the household chinaware sector, where imported, lower priced chinaware of high quality competes with the U.S. product, which is generally higher priced. The U.S. products also compete with similarly priced imported chinaware, which generally comes from Europe. Selection of these articles, however, is usually based on the purchaser's taste, living style, and intended use of the articles.

U.S. producers' shipments and consumption

U.S. producers' shipments of chinaware table and kitchen articles are believed to have increased steadily during 1977-80. U.S. producers' shipments rose from $137.6 million in 1977 to an estimated $218.2 million in 1980 (table 16). Data for 1981 are unavailable.

The value of U.S. exports of these chinaware articles represented 4 to 6 percent of the value of U.S. producers' shipments during the period. U.S. exports increased from 591,000 dozen pieces, valued at $5.3 million, in 1977 to 673,000 dozen pieces, valued at $13.3 million, in 1981. U.S. producers faced strong competition in most export markets from long-established foreign producers of these articles. This trend is expected to continue with U.S. exports remaining a small percentage of U.S. producers' shipments.

Apparent U.S. consumption of chinaware table and kitchen articles rose from $236 million in 1977 to an estimated $353 million in 1980, or by 50 percent. The import share of apparent consumption was relatively stable, fluctuating between 42 and 46 percent during the period. The higher ratio of imports to consumption occurs in the household chinaware sector, where imports account for approximately 90 percent of apparent consumption. The commercial chinaware sector is less affected by chinaware imports. Apparent U.S. consumption is expected to increase, with imports maintaining or increasing their share of apparent consumption due to the lower prices of imports from certain producing countries and the perceived higher quality of imports from some manufacturers.

Table 16.—China tableware: 1/ U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1977-81

(Quantity in thousands of dozens; value in thousands of dollars)

Year	U.S. producers' shipments	Exports	Imports	Apparent consumption	Ratio (percent) of imports to consumption
	Quantity				
1977	2/	591	13,243	2/	2/
1978	2/	837	12,282	2/	2/
1979	2/	543	10,942	2/	2/
1980	2/	591	13,565	2/	2/
1981	2/	673	16,067	2/	2/
	Value				
1977	137,600	5,271	103,680	236,009	44
1978	3/ 160,700	8,391	128,937	3/ 281,246	3/ 46
1979	3/ 172,400	10,328	119,627	3/ 281,699	3/ 42
1980	3/ 218,200	12,313	147,142	3/ 353,029	3/ 42
1981	2/	13,325	167,542	2/	2/

1/ This SIC-based product group also includes chinaware kitchen articles.
2/ Not available.
3/ Estimated by staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

U.S. imports from China

In the late 1970's, as Chinese leaders discovered the vast foreign exchange potential for ceramics, they began a drive to further promote that sector. A further impetus for growth was provided when the United States granted MFN status to China in 1980. Before February 1, 1980, U.S. tariffs on Chinese ceramics ranged from 55 percent ad valorem to 75 percent ad valorem; after the granting of MFN status to China, those rates decreased to between 13.0 percent ad valorem and 41.9 percent ad valorem. Subsequently, exports of certain Chinese ceramics rose from the equivalent of less than 9 percent of certain U.S. ceramics production in 1979 to over 80 percent in the period January-March 1982. 1/ With a threefold increase in ceramics shipments, made possible by sharply increased production, China leaped from the eighth to the fourth largest ceramics exporter to the United States. 2/

Most Chinese porcelain imported by the United States is single fired with overglaze decoration; though this limits the colors used in the designs, it is cheaper to make than porcelain fired more than once using underglaze

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1/ Certain Ceramic Kitchenware and Tableware From the People's Republic of China: Report to the President on Investigation No. TA-406-8 . . ., USITC Publication 1279, August 1982, p. A-24.

2/ "China to the U.S. Tripled by China," HFD Retailing Home Furnishings, Mar. 2, 1981.

decoration. Earthenware constituted only 7 percent of all ceramics imports from China in January-March 1982. 1/ Chinaware—especially low-value dinnerware—is by far the largest part of Chinese ceramics exports to the United States.

The increasing significance of inexpensive Chinese chinaware is illustrated in tables 17 and 18. It can be seen that although U.S. imports of Chinese chinaware constituted 34.6 percent of the total quantity of U.S. chinaware imports in January-September 1982, they accounted for only 11.8 percent of the total customs value of U.S. chinaware imports. Japanese chinaware, on the other hand, made up 43 percent of the total value of U.S. chinaware imports in this period; it is notable, however, that this figure indicates a severe drop from the share of 63 percent that Japan commanded in 1977.

It is also important that, aside from Japan, China has made impressive advances in its position relative to other chinaware exporters to the United States: it was the third largest exporter in terms of value in 1981 compared with ninth in 1979. The value of Chinese chinaware exports to the United States quadrupled in 1980 compared with 1979, and then doubled again in 1981. This upward trend continued in January-September 1982. Thus U.S. imports from China are now in a position to rival in quantity U.S. chinaware imports from the United Kingdom and West Germany. U.S. ceramics importers see this surge as a positive development, since they find the Chinese porcelain a good alternative to the increasingly expensive Japanese low-value china dinnerware. 2/

However, the Chinese have also faced formidable obstacles to marketing their product in the United States. Although China's chinaware ideally could fill the gap left by increasingly costly Japanese china dinnerware, it has not yet assumed this role, as it tends to be heavy, with poor shaping and decoration; many importers do not expect it to ever surpass the Japanese exports. 3/ Moreover, the decorations have in the past been predominantly concerned with revolutionary themes, which have been generally unappealing to U.S. buyers. Lack of brand identification has hurt Chinese chinaware, too, as has the inability to maintain stock supplies because of poor distribution techniques.

A further complication for the Chinese industry has been the reluctance of Western investors to make long-term, complex commitments to the Chinese plants. This stems from a belief that Chinese managers are still unfamiliar with the concepts of cost and profit. Also, because there is no patent protection for ceramic designs in China, U.S. designers are hesitant to lease their designs to Chinese ceramics producers for fear the designs will be copied. Another problem for Chinese chinaware exports has been the high lead quantity of some products, which violates U.S. health standards.

Despite these obstacles, China's exports of chinaware to the United States have been expanding steadily since 1980. Areas demonstrating the greatest growth in recent months include nonbone high-value dinnerware, 4/

1/ Official statistics of the U.S. Department of Commerce.

2/ The China Business Review, September-October 1982.

3/ "China to the U.S. Tripled by China," HFD Retailing Home Furnishings, Mar. 2, 1981.

4/ TSUS item 533.64.

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Table 17.—China tableware: U.S. imports for consumption, by principal sources, 1977-81, January-September 1981, and January-September 1982

Source	1977	1978	1979	1980	1981	January-September— 1981	January-September— 1982
	Quantity (dozen pieces)						
Japan	9,142,638	7,698,038	6,820,879	7,201,357	7,399,799	5,596,551	5,103,099
United Kingdom	611,584	732,536	673,877	661,957	533,177	423,563	463,417
China	1,036,181	883,708	766,107	2,666,351	4,957,098	3,402,040	4,415,481
West Germany	949,191	1,106,679	771,885	1,119,525	853,243	652,800	885,771
France	108,975	144,571	119,776	117,774	182,071	138,297	107,692
Ireland	31,950	67,557	91,367	125,418	183,247	121,482	127,335
All other	1,362,184	1,649,406	1,697,693	1,672,711	1,958,811	1,436,408	1,642,596
Total	13,242,703	12,282,495	10,941,584	13,565,093	16,067,446	11,771,141	12,745,391
	Value (1,000 dollars)						
Japan	65,754	72,859	62,144	70,080	84,702	63,984	53,587
United Kingdom	13,054	19,780	21,190	27,577	23,861	17,966	20,605
China	1,614	1,641	1,605	6,995	15,042	9,548	14,549
West Germany	11,286	15,952	13,016	18,578	13,225	10,044	13,519
France	2,812	3,659	4,530	5,137	6,596	4,835	3,943
Ireland	360	1,878	2,492	4,420	5,873	3,863	3,499
All other	8,802	13,168	14,650	14,355	18,243	13,383	13,766
Total	103,680	128,937	119,627	147,142	167,542	123,622	123,469
	Unit value (per dozen pieces)						
Japan	$ 7.1921	$ 9.4646	$ 9.1108	$ 9.7316	$11.4466	$11.4327	$10.5008
United Kingdom	21.3444	27.0017	31.4456	41.6592	44.7524	42.4158	44.4642
China	1.5572	1.8568	2.0951	2.6234	3.0345	2.8064	3.2950
West Germany	11.8900	14.4143	16.8628	16.5945	15.4994	15.3853	15.2629
France	25.8008	25.3098	37.8176	43.6184	36.2268	34.9610	36.6172
Ireland	11.2532	27.8004	27.2740	35.2393	32.0496	31.8010	27.4772
All other	6.4614	7.9835	8.6292	8.5819	9.3133	9.3170	8.3806
Average	7.8293	10.4976	10.9332	10.8471	10.4274	10.5021	9.6873

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 18.--China tableware: Percentage distribution of U.S. imports for consumption, by principal sources, 1977-81, January-September 1981, and January-September 1982

Source	1977	1978	1979	1980	1981	January-September--	
						1981	1982
	Percent of total customs value						
Japan	63.4202	56.5075	51.9481	47.6278	50.5558	51.7577	43.4011
United Kingdom	12.5905	15.3406	17.7138	18.7415	14.2418	14.5328	16.6888
China	1.5563	1.2726	1.3417	4.7539	8.9782	7.7232	11.7835
West Germany	10.8852	12.3720	10.8806	12.6259	7.8934	8.1244	10.9497
France	2.7118	2.8379	3.7865	3.4913	3.9368	3.9111	3.1938
Ireland	.3468	1.4566	2.0831	3.0037	3.5054	3.1251	2.8338
All other	8.4892	10.2128	12.2462	9.7560	10.8886	10.8258	11.1494
Total	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000
	Percent of total quantity						
Japan	69.0391	62.6749	62.3390	53.0874	46.0546	47.5447	40.0388
United Kingdom	4.6183	5.9641	6.1589	4.8799	3.3184	3.5983	3.6360
China	7.8245	7.1949	7.0018	19.6560	30.8518	28.9015	34.6437
West Germany	7.1677	9.0102	7.0546	8.2530	5.3104	5.5458	6.9497
France	.8229	1.1770	1.0947	.8682	1.1332	1.1749	.8449
Ireland	.2413	.5500	.8350	.9246	1.1405	1.0320	.9991
All other	10.2863	13.4289	15.5160	12.3310	12.1912	12.2028	12.8878
Total	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000	100.0000

Source: Computed from official statistics of the U.S. Department of Commerce.

mugs and other steins, and miscellaneous articles. The high-value dinnerware increased 5.2 times in total customs value from January-September 1981 to January-September 1982. But it is notable that the quantity of high-value dinnerware, in comparison, has increased only 1.6 times. Chinese chinaware producers trying to increase the volume of their high-value ware have encountered difficulty because the quality of the Chinese ware is often not as good as that of other suppliers to the U.S. market in this price range.

Since early 1980, increased exports to the United States have occurred mainly because of the granting of MFN status to China; future increases in chinaware exports to the United States from China may require increases in the quantity of high-value chinaware exports. If China is able to overcome the obstacles to the expansion of its chinaware exports, its long experience with ceramics, its extensive high-quality raw materials, and its huge supply of low-wage labor could help it become a major element in the U.S. chinaware market.

The industry in China

The 5,000-year-old Chinese ceramics industry, after having been devastated by several decades of civil strife, has become a model of the industrialization effort underway in China since 1949. Officially determined to be part of the Chinese national heritage, ceramics production was targeted for renovation, modernization, and centralization by the Chinese leadership. In the years since the revolution, ceramics manufacturers have expanded into the export sector, in response to the need to pursue cost-effective methods and levels of production. This has required producers to increase technological controls in such facets of production as lead control, waste-loss supervision, warpage regulation, clay-purity control, and glazing-uniformity control. In addition, production for export has forced Chinese ceramics manufacturers to search for ways to further lower production costs and raise the quality of their product.

Today, the major centers of pottery production are Jingdezhen in Jiangxi Province, Liling in Hunan Province, and Dehua in Fujian Province. Jingdezhen, the largest and most prestigious ceramic center in China, has a tradition of ceramics production going back to the Han dynasty (206 B.C.-A.D. 220). It has the added advantages of exceptional nearby raw materials—specifically, large deposits of high-quality kaolin and the plentiful water supplies necessary in processing clay—and a pleasant climate. At present, Jingdezhen focuses on tableware production. Of the 300 million dozen pieces produced each year, between 50 percent and 75 percent are for export to its 102 foreign clients. 1/

Fujian Province is also rich in natural resources for ceramics production, and focuses on the production of daily-use ceramics. It exports to 60 countries, and its increasing ceramics exports have the potential to become a significant source of revenue. Hunan Province exported 130 million dozen ceramic pieces in 1981 to 86 countries. 2/ Hunan also supplies many

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1/ Certain Ceramic Kitchenware and Tableware from the People's Republic of China, p. A-20.

2/ Ibid, p. A-21.

Chinese provinces. Due to high quality and the availability of complete dinnerware sets, increased sales to low-cost discount outlets abroad helped Hunan's ceramic export revenue exceed $24 million in 1981. 1/

Ceramics production in China still relies for the most part on manual labor, not a surprising fact in view of China's abundant labor resources. Outside the major ceramics-producing areas of the country, local production facilities are still struggling to centralize the industry, as small factories are found in nearly every province. To facilitate exports, orders for the Chinese product must initially go through the head office of the China Light Industrial Products Import and Export Corporation in Beijing; thereafter, all transactions go through its branches, which are responsible for the products of individual regions. 2/ Plants in such regions as Hunan have been cooperating with these regional bureaus in order to expand their export contracts: in 1977, between 60 and 80 percent of the total ceramics production in China was exported. 3/ Even so, there is significant room for expansion into foreign markets.

However, the cumbersome Chinese bureaucracy has tended to inhibit growth in the export sector to some degree, particularly in the expansion of mining operations and mineral technology. 4/ Each mining industry is under the direction of several different Government organizations, and different mining industries come under the direction of different agencies. Production targets are set by the central coordinating bureau, the State Planning Commission. This wide array of supervisory organizations tends to stifle possible increases in productivity and product quality. The lack of power and transportation infrastructures also slows the progress of the industry. Furthermore, quality considerations such as inconsistent output (a consequence of impure clay), black spots from the oil kilns, high lead content, and restricted design schemes have limited opportunities for expansion of ceramics exports.

1/ "Hunan Ceramics Export Top $24 Million," China Economic News, Mar. 29, 1982.

2/ The China Trader, June 1981, notes that since 1978, regions such as Hepei have been transferring responsibility for this production wholly to the provincial level.

3/ "China's China," The China Business Review, May-June 1977.

4/ "Ceramic Minerals in China," American Ceramic Society Bulletin, September 1980.

APPENDIX A

SELECTED DATA ON U.S. TRADE WITH NONMARKET ECONOMY COUNTRIES

Table A-1.--Agricultural items: U.S. exports to the individual nonmarket economy countries and to the world, 1980, 1981, January-September 1981, January-September 1982, July-September 1981, and July-September 1982

Market	1980	1981	January-September--		July-September--	
			1981	1982	1981	1982
	Value (1,000 dollars)					
China	2,209,524	1,956,287	1,454,911	1,299,783	419,068	349,146
U.S.S.R	1,047,118	1,664,986	1,022,972	1,658,610	224,914	16,148
Romania	462,595	368,391	352,173	117,341	51,217	3,826
Poland	571,461	592,874	516,353	104,730	133,418	41,145
East Germany	453,248	284,181	227,598	169,572	30,195	5,063
Hungary	24,419	12,934	6,807	5,297	2,434	742
Czechoslovakia	154,574	58,240	42,348	56,312	2,783	3,298
Bulgaria	127,339	197,270	154,400	60,246	27,603	5,310
Vietnam	-	153	153	5	61	5
Albania	224	-	-	-	-	-
Mongolia	-	-	-	175	-	-
Cuba	-	-	-	-	-	-
North Korea	-	-	-	69	-	-
Total	5,050,503	5,135,316	3,777,714	3,472,141	891,693	424,682
Total, U.S. agricultural exports to the world	41,255,934	43,338,212	32,040,725	27,800,061	8,971,474	7,327,307
	Agricultural exports as a percentage of total exports					
China	58.9	54.4	54.4	54.4	51.3	51.1
U.S.S.R	69.4	71.2	70.1	75.5	55.0	7.9
Romania	64.2	73.1	75.4	60.8	61.1	20.1
Poland	80.4	87.1	87.8	55.8	89.8	52.9
East Germany	94.9	96.2	96.3	93.4	92.9	62.1
Hungary	30.9	16.7	11.8	10.5	16.1	5.7
Czechoslovakia	83.5	70.7	71.7	76.5	32.5	30.6
Bulgaria	79.2	76.4	77.0	61.7	59.2	23.0
Vietnam	-	1.5	3.5	[1]	2.0	0.1
Albania	3.3	-	-	-	-	-
Mongolia	-	-	-	51.5	-	-
Cuba	-	-	-	-	-	-
North Korea	-	-	-	69.6	-	-
Total	66.5	65.4	65.7	64.3	57.0	40.4
Total, U.S. agricultural exports to the world	19.0	18.9	18.6	17.5	16.6	15.0

[1] Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

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Table A-2.--20 U.S. export items to the nonmarket economy countries (NME's) which changed substantially, by Schedule B Nos., January-September 1981 and January-September 1982 1/

Schedule B No.	Commodity	Major NME customer	Share change, Jan.-Sept. 1982 from Jan.-Sept. 1981: All NME's	Share change, Jan.-Sept. 1982 from Jan.-Sept. 1981: World	Value of exports to all NME's in Jan.-Sept. 1982
			Percent	Percent	1,000 dollars
121.0515	Bovine leather, rough	China	2,283.4	1,659.3	21,881
818.3100	Food products n.s.p.f., donated for relief or charity	Poland	938.9	127.3	13,643
433.1035	Compound catalyst preparations n.s.p.f	China	797.8	11.0	33,174
674.1022	Converters used in metallurgy and in metal foundries and parts	Bulgaria	693.9	-12.9	6,331
818.3900	Commodities n.s.p.f., donated for relief or charity	Vietnam	610.4	145.3	28,498
475.4520	Automotive, diesel, and marine engine lubricating oil	U.S.S.R	583.8	-32.6	5,302
444.1610	Polyethylene resins, low and medium density	China	538.7	4.4	59,028
790.4600	Sausage casings n.s.p.f	U.S.S.R	447.0	5.1	5,626
404.2280	Polycarboxylic acids, anhydrides and derivatives n.s.p.f	China	422.6	10.7	2,954
601.2200	Copper ore	U.S.S.R	387.2	2.4	34,159
252.8010	Kraft linerboard, bleached	China	-95.8	-60.9	538
433.1095	Chemical mixtures and preparations, n.s.p.f	do	-88.3	-1.2	556
649.5040	Rock drilling bits, core bits, and reamers, n.s.p.f	U.S.S.R	-83.5	8.0	2,376
170.3320	Filler tobacco, cigarette, stemmed	Bulgaria	-83.2	-11.1	1,502
431.1005	N-butyl alcohol	China	-83.0	72.4	706
404.2250	Terephthalic acid dimethyl ester	do	-80.4	-62.3	2,296
170.6500	Cigarettes	Poland	-79.2	-.5	2,232
115.5700	Dried milk and cream except nonfat dry milk	do	-76.4	-53.9	2,149
674.5440	Parts for metal forming machine tools	U.S.S.R	-76.3	.4	522
664.1098	Parts for lifting, handling, loading machinery and conveyors	do	-73.6	5.1	1,135

1/ Only items which accounted for at least 500,000 dollars' worth of exports in both January-September 1981 and January-September 1982 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-3.--20 U.S. import items from the nonmarket economy countries (NME's) which changed substantially, by TSUSA Nos., January-September 1981 and January-September 1982 1/

TSUSA item No.	Commodity	Major NME supplier	Share change, Jan.-Sept. 1982 from Jan.-Sept. 1981: All NME's	Share change, Jan.-Sept. 1982 from Jan.-Sept. 1981: World	Value of imports from all NME's in Jan.-Sept. 1982
			Percent	Percent	1,000 dollars
700.6400	Footwear n.e.s. valued not over $3.00 per pair	China	1,790.8	1,131.0	10,506
156.3500	Cocoa butter	do	1,166.6	-30.2	13,404
660.9760	Parts of pumps for liquids, n.s.p.f	do	510.9	10.7	4,006
376.2830	Brassieres of manmade fibers	do	454.1	2.7	3,056
706.6225	Handbags of plastics	do	426.1	83.4	4,604
320.2092	Cotton woven fabrics n.s.p.f	do	365.1	122.8	5,701
320.3092	Cotton woven fabrics n.s.p.f	do	300.1	179.0	2,557
700.2960	Welt footwear for men, leather, over $6.80 per pair, n.s.f	Romania	275.0	21.4	12,476
366.2780	Cotton towels n.s.p.f	China	270.9	179.1	3,023
706.1340	Luggage, bags and cases, leather	Romania	267.9	15.2	2,185
145.4880	Peanuts shelled, blanched, or otherwise prepared or preserved	China	-99.1	-99.5	1,327
607.6615	Steel plate not in coil	Romania	-97.7	-39.9	2,288
605.2020	Gold bullion	U.S.S.R	-95.3	-14.4	856
475.1015	Light fuel oils, S.U. viscosity of less than 45 seconds	East Germany	-91.4	-66.4	7,701
690.1500	Railway cars, passenger, baggage, mail, and freight	Romania	-85.7	-81.9	1,535
660.9754	Centrifugal pumps for liquids n.s.p.f	do	-85.6	7.3	792
660.9756	Centrifugal pumps for liquids, except parts	do	-85.2	-21.4	2,773
646.2626	Iron or steel nails, spikes, staples, and tacks, coated	China	-81.7	-35.2	770
446.1531	Polyisoprene synthetic rubber	Romania	-80.8	-50.4	806
702.3785	Headwear, of vegetable fibers, except caps, n.e.s	China	-80.4	-74.9	1,319

1/ Only items which accounted for at least 500,000 dollars' worth of imports in both January-September 1981 and January-September 1982 are included in this table.

Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX B

LEADING U.S. IMPORTS AND EXPORTS IN TRADE WITH THE NONMARKET ECONOMY COUNTRIES

Table B-1.--Leading items exported to Non-market economy countries (NME), by Schedule B Nos., January-September 1982, July-September and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
130.6540	Wheat, unmilled, not donated for relief or charity	$1,755,340,795	$325,999,128	$544,574,834
130.3465	Yellow corn, not donated for relief or charity	966,925,540	40,271,220	232,968,980
175.4100	Soybeans, other than seed for planting	303,406,706	9,850,135	24,831,802
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	176,836,297	60,225,339	70,940,036
200.3510	Douglas-fir logs and timber, rough	128,474,901	36,953,644	19,744,878
310.0010	Textured yarns, of polyester	109,692,592	13,327,821	49,608,370
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	107,686,174	4,171,729	1,379,574
184.5260	Soybean oil cake and oil-cake meal	82,423,839	-	18,090,090
480.8005	Diammonium phosphate fertilizer	66,039,212	16,075,819	9,652,289
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s	65,674,282	3,616,622	103,693
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	63,377,298	25,222,061	8,742,359
309.4242	Polyester fibers, noncontinuous	59,415,264	9,621,141	87,670,479
444.1610	Polyethylene resins, low and medium density	59,027,644	23,136,939	5,821,754
120.1400	Cattle hides, whole	52,347,086	11,800,148	8,419,750
664.0584	Parts, n.e.s., of oil and gas field drilling machines	44,428,287	12,119,172	8,884,518
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	40,543,718	25,878,378	22,704,084
480.3000	Urea	36,921,677	7,175,841	6,617,780
444.1620	Polyethylene resins, high density	35,907,103	19,795,566	3,836,863
200.3514	Western hemlock logs and timber, rough	35,021,950	12,455,773	1,518,452
601.2200	Copper ore	34,158,732	2,005,286	7,010,761
	Total	4,223,649,097	659,701,762	1,133,121,346
	Total, U.S. exports to NME's	5,401,675,514	1,051,711,037	1,640,840,433

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table D-2.--Leading items imported from Non-market economy countries (NME), by TSUSA items, January-September 1982, July-September and July-September 1981

TSUSA No.	Description	January-September 1982	July-September--	
			1982	1981
475.2520	Gasoline	$328,762,814	$120,743,694	$103,462,114
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	128,615,259	84,411,973	-
480.6540	Anhydrous ammonia	66,399,404	16,326,253	11,593,736
475.3500	Naphthas, derived from petroleum, etc., n.e.s	61,329,260	42,674,258	31,190,593
107.3525	Canned hams and shoulders, 3 pounds and over	58,850,024	20,309,132	24,892,812
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	33,405,347	9,850,910	14,734,872
622.0200	Tin, other than alloyed, unwrought	31,442,212	5,722,877	4,504,647
755.1500	Fireworks	23,653,360	3,422,758	2,820,810
472.1000	Barytes ore, crude	22,097,968	8,379,826	9,614,155
383.9050	Women's coats, n.e.s., 3/4 length or longer	19,381,149	9,858,487	-
383.3448	Women's 3/4 length raincoats, n.e.s., cotton, not knit	18,740,658	11,534,830	-
605.0260	Palladium	18,377,586	4,703,170	6,741,143
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	15,013,584	9,899,173	3,883,420
383.4753	Women's corduroy trousers and slacks, cotton	14,338,494	8,144,351	-
379.8355	Men's wool suits, not knit, not ornamented	13,894,154	7,347,274	1/ 4,244,058
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	13,838,849	1,755,079	7,170,273
156.3500	Cocoa butter	13,403,597	2,782,008	195,183
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	13,280,967	5,169,666	4,180,337
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	13,041,388	5,261,685	5,972,660
222.4000	Baskets and bags of bamboo	12,528,602	4,060,490	3,576,313
	Total	920,394,676	382,357,894	238,777,126
	Total, U.S. imports from NME's	2,531,729,557	986,502,924	883,946,420

1/ On Jan. 1, 1982, item 379.8355 was formed from former items 380.6653 and 380.6654. The number reported for 1981 represents an aggregation of trade reported under the 2 numbers.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-3.--Leading items exported to Eastern Europe, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September— 1982	July-September— 1981
130.3465	Yellow corn, not donated for relief or charity	$234,975,361	$19,768,535	$153,830,940
184.5260	Soybean oil cake and oil-cake meal	82,423,839	-	18,090,090
175.4100	Soybeans, other than seed for planting	68,918,199	9,850,135	-
120.1400	Cattle hides, whole	43,225,009	9,508,373	8,270,744
480.7050	Concentrated superphosphates	27,136,670	16,778,632	15,615,635
480.4500	Phosphates, crude, and apatite	15,052,391	9,293,954	2,016,686
818.3100	Food products, n.s.p.f., donated for relief or charity	13,637,727	728,374	1,015,042
521.3110	Low volatile bituminous coal	11,179,565	-	4,066,400
818.3900	Products, n.e.s., donated for relief or charity	11,161,438	3,898,842	756,970
130.6540	Wheat, unmilled, not donated for relief or charity	8,304,269	-	22,821,977
116.0100	Butter	8,197,652	3,645,331	15,479,324
818.3300	Medicinal and pharmaceutical products donated for relief or charity	7,855,710	641,531	9,471
176.5260	Soybean oil, n.e.s., donated for relief or charity	7,462,490	3,652,944	-
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,025,201	3,507,507	114,986
601.6100	Zinc ore	6,837,201	-	-
674.1022	Converters, including foundry machines and parts, n.e.s	6,330,997	13,420	-
521.3120	Bituminous coal, n.e.s	6,155,213	-	6,584,125
415.4500	Sulfur, native elemental or recovered	5,775,046	-	4,962,292
177.5640	Tallow, inedible	5,459,703	718,797	1,183,581
692.3820	Parts of tracklaying tractors	5,339,547	3,588,346	864,518
	Total	582,453,228	85,594,721	255,682,781
	Total, U.S. exports to Eastern Europe	784,269,825	151,803,803	335,328,579

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-4.--Leading items imported from Eastern Europe, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
475.2520	Gasoline	$69,846,469	$19,214,751	$5,971,086
107.3525	Canned hams and shoulders, 3 pounds and over	58,850,024	20,309,132	24,892,812
475.3500	Naphthas, derived from petroleum, etc., n.e.s	19,786,154	19,786,154	7,823,703
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	14,504,351	9,783,104	3,819,827
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	13,011,844	5,252,822	5,933,365
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	12,315,966	3,521,783	823,659
379.8355	Men's wool suits, not knit, not ornamented	11,245,964	5,875,845	1/ 4,031,019
692.3288	Parts for motor vehicles, n.e.s	9,833,728	2,509,993	5,056,937
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	9,344,778	2,895,949	2,626,747
700.3550	Men's footwear, of leather, n.e.s., cement soles	9,213,508	3,532,819	3,765,674
686.9030	Other lamps, including standard household	9,175,503	3,170,146	2,334,188
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	8,818,418	-	4,284,033
727.3540	Furniture, of wood, n.s.p.f	8,813,103	4,132,876	2,924,159
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	8,634,922	1,668,269	3,101,622
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	7,701,342	7,701,342	-
192.2520	Hops, not in pellets	7,103,135	305,653	-
692.3460	Parts for agricultural tractors	7,063,586	1,608,600	1,631,913
110.4740	Pollock blocks, frozen, over 10 pounds	7,060,345	463	3,651,605
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	6,800,423	1,844,169	-
383.3415	Women's cotton raincoats, n.e.s., 3/4 length or longer	5,903,827	1,679,726	-
	Total	305,027,390	114,793,596	82,672,349
	Total, U.S. imports from Eastern Europe	658,089,728	238,579,991	299,094,580

1/ On Jan. 1, 1982, item 379.8355 was formed from former items 380.6653 and 380.6654. The number reported for 1981 represents an aggregation of trade reported under the 2 numbers.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-5.--Leading items exported to China, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
130.6540	Wheat, unmilled, not donated for relief or charity	$944,854,774	$320,351,972	$388,670,099
200.3510	Douglas-fir logs and timber, rough	128,474,901	36,953,644	19,744,878
310.0010	Textured yarns, of polyester	109,544,640	13,327,821	49,608,370
300.1060	Cotton, not carded, not combed, staple length 1 to 1-1/8 inches	107,686,174	4,171,729	764,497
130.3465	Yellow corn, not donated for relief or charity	97,366,230	15,251,169	-
300.1550	Cotton, not carded, not combed, staple length 1-1/8 inches or more, n.e.s.	65,674,282	3,616,622	103,693
444.1700	Polypropylene resins, excluding amorphous or atactic polymers and copolymers	63,377,298	25,222,061	8,742,359
175.4100	Soybeans, other than seed for planting	63,224,783	-	24,831,802
480.8005	Diammonium phosphate fertilizer	60,924,480	16,075,819	9,652,289
444.1610	Polyethylene resins, low and medium density	59,011,130	23,136,939	5,820,864
309.4242	Polyester fibers, noncontinuous	58,871,550	9,364,751	87,670,479
480.3000	Urea	36,921,677	7,175,841	6,617,780
444.1620	Polyethylene resins, high density	35,907,103	19,795,566	3,836,863
664.0584	Parts, n.e.s., of oil and gas field drilling machines	35,704,263	10,990,688	6,940,215
200.3514	Western hemlock logs and timber, rough	35,021,950	12,455,773	1,518,452
121.0530	Bovine leather, rough, russet, and crust, wet blue, split, other than grains	26,026,451	1,209,735	5,495,354
433.1035	Compound catalyst preparations, other than of nickel	25,543,165	310,447	1,640,622
252.7810	Unbleached kraft linerboard	24,794,203	17,144,247	2,881,293
121.0515	Bovine leather, rough, russet, and crust, wet blue, not split	21,880,755	11,141,759	-
612.0440	Unwrought copper, unalloyed, n.e.s	13,815,056	13,815,056	-
	Total	2,014,624,865	561,511,639	624,539,909
	Total, U.S. exports to China	2,388,304,381	682,844,532	816,192,191

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-6.—Leading items imported from China, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
475.2520	Gasoline	$248,575,838	$101,528,943	$97,491,028
475.1010	Crude petroleum, testing 25 degrees A.P.I. or more	128,615,259	84,411,973	-
475.3500	Naphthas, derived from petroleum, etc., n.e.s	41,543,106	22,888,104	23,366,890
622.0200	Tin, other than alloyed, unwrought	31,442,212	5,722,877	4,504,647
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	30,114,716	3,688,719	12,890,754
755.1500	Fireworks	23,653,360	3,422,758	2,820,810
472.1000	Barytes ore, crude	22,097,968	8,379,826	9,614,155
383.3448	Women's 3/4 length raincoats, n.e.s.,cotton, not knit	18,387,884	11,465,579	1/ 7,709,026
383.9050	Women's coats, n.e.s., 3/4 length or longer	15,886,357	7,994,941	2/ 1,392,987
383.4753	Women's corduroy trousers and slacks, cotton	14,293,730	8,099,587	3/ 10,296,437
320.2032	Printcloth shirting, wholly of cotton, n.e.s. (average yarn number 20)	13,838,849	1,755,079	7,170,273
156.3500	Cocoa butter	13,403,597	2,782,008	195,183
326.3092	Woven fabrics, not wholly of cotton, not fancy or figured, not colored	13,280,967	5,169,666	4,180,337
222.4000	Baskets and bags of bamboo	12,524,733	4,056,621	3,576,313
766.2560	Antiques, n.s.p.f	11,469,834	5,926,104	3,692,614
366.2460	Terry towels of cotton, of pile or tufted construction, valued over $1.45 per pound	11,456,795	1,766,859	1,588,729
383.9015	Women's blouses and shirts, n.e.s., manmade fibers, not knit	11,344,644	5,141,158	4/ 241,934
379.9530	Men's coats of man-made fibers, not knit, n.s.p.f	11,208,164	6,199,467	5/ 1,235,705
700.6400	Rubber or plastic soled n.e.s., valued not over $3.00 per pair	10,505,941	3,938,245	555,634
379.9550	Men's sport shirts, not knit, manmade fibers	9,794,782	3,371,138	6/ 2,609,095
	Total	693,438,736	302,709,652	195,132,551
	Total, U.S. imports from China	1,689,408,988	687,391,829	512,666,898

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.1220.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8163.

3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.3353.

4/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.7844.

5/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.8419.

6/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.8441.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-7.--Leading items exported to the U.S.S.R., by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
130.6540	Wheat, unmilled, not donated for relief or charity	$802,181,752	$5,647,156	$133,082,758
130.3465	Yellow corn, not donated for relief or charity	634,583,949	5,251,516	79,138,040
480.7025	Phosphoric acid, 65 percent or more available phosphorus pentoxide equivalents	176,836,297	60,225,339	70,940,036
175.4100	Soybeans, other than seed for planting	171,263,724	-	-
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	36,385,941	22,360,587	21,467,120
601.2200	Copper ore	34,158,732	2,005,286	7,010,761
790.5510	Pressure sensitive tape having a plastic backing	25,871,331	11,437,045	2,392,980
692.3820	Parts of tracklaying tractors	24,422,008	6,957,718	6,081,126
176.5400	Sunflower seed oil	22,678,186	-	-
517.5120	Petroleum coke, calcined	21,493,051	-	-
475.4555	Insulating or transformer oils	20,551,357	4,257,276	2,810,060
692.3840	Parts of tractors, other than tracklaying tractors	16,163,284	5,631,798	14,414,816
177.5640	Tallow, inedible	12,722,940	-	6,294,374
475.4580	Lubricating oils, n.s.p.f., except white mineral oils	11,688,993	2,724,294	-
664.0586	Parts, n.e.s., of boring and drilling machines	10,282,547	8,871,846	-
664.0230	Integral tractor shovel loaders, rear engine mounted, new, 4-wheel drive, bucket capacity of 10 to 15 cubic yards	10,141,101	8,387,005	-
145.4300	Shelled almonds, not blanched	10,042,970	2,204,550	1,488,760
660.5440	Parts of tractor engines	7,727,864	2,377,576	1,166,923
664.0584	Parts, n.e.s., of oil and gas field drilling machines	6,169,115	67,470	1,490,873
338.2600	Woven fabrics of glass	5,898,773	2,601,077	925,099
	Total	2,061,264,415	151,007,539	348,703,726
	Total, U.S. exports to the U.S.S.R.	2,195,406,860	203,965,554	485,647,859

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-8.—Leading items imported from the U.S.S.R., by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
480.6540	Anhydrous ammonia	$66,399,404	$16,326,253	$11,593,736
605.0260	Palladium	18,333,418	4,659,002	6,618,897
475.2520	Gasoline	10,340,507	-	-
620.0300	Nickel, unwrought	10,094,409	1,290,550	1,131,859
422.5220	Uranium compounds, fluorides	9,647,061	9,647,061	-
480.3000	Urea, n.e.s	6,286,462	2,355,050	-
653.2200	Metal coins, n.e.s	6,060,727	5,936,655	116,366
124.1045	Sable furskins, whole, undressed	5,227,449	1,886,592	2,392,031
169.3800	Vodka, in containers holding not over 1 gallon, valued over $7.75 per gallon	4,077,290	1,594,384	1,580,472
480.5000	Potassium chloride, crude	3,441,664	1,331,755	-
605.0270	Rhodium	3,290,728	1,992,124	1,762,473
605.0220	Platinum sponge	2,733,509	955,952	1,376,153
605.2060	Gold dore and gold precipitates, not bullion	2,540,282	454,346	-
114.3000	Crabs, nes	2,106,815	2,106,815	-
169.3700	Vodka, not over 1 gallon, valued not over $7.75 per gallon	1,720,631	738,948	381,269
605.0290	Platinum group metals and combinations, n.e.s	1,663,008	-	5,501,540
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	1,629,077	-	-
618.0400	Aluminum silicon	1,543,338	-	-
605.0750	Palladium bars, plates, etc	1,395,720	436,046	318,271
612.2010	Beryllium copper	1,380,358	1,380,358	-
	Total	159,911,857	53,091,891	32,773,067
	Total, U.S. imports from the U.S.S.R.	178,996,998	59,748,827	70,733,288

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-9.—Leading items exported to Poland, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
120.1400	Cattle hides, whole	$19,266,554	$6,459,882	$802,432
480.7050	Concentrated superphosphates	13,774,093	5,515,084	-
818.3100	Food products, n.s.p.f., donated for relief or charity	13,637,727	728,374	1,015,042
480.4500	Phosphates, crude, and apatite	13,392,090	8,087,598	-
175.4100	Soybeans, other than seed for planting	11,729,434	6,072,173	-
818.3900	Products, n.e.s., donated for relief or charity	11,157,610	3,898,842	755,745
130.3465	Yellow corn, not donated for relief or charity	10,264,572	10,264,572	86,605,503
116.0100	Butter	8,197,552	3,645,331	15,479,324
818.3300	Medicinal and pharmaceutical products donated for relief or charity	7,855,710	641,531	9,471
176.5260	Soybean oil, n.e.s., donated for relief or charity	7,462,490	3,652,944	-
131.4030	Wheat flour, n.e.s., donated for relief or charity	7,025,201	3,507,507	114,986
177.5640	Tallow, inedible	5,459,703	718,797	1,183,581
692.3820	Parts of tracklaying tractors	5,082,084	3,542,648	655,663
182.9715	Corn-soya-milk blends, donated for relief or charity	5,007,404	294,907	-
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	3,668,272	2,014,833	356,722
818.3400	Wearing apparel donated for relief or charity	3,441,318	117,974	560,289
182.9725	Wheat-flour-soya blends, donated for relief or charity	3,320,843	171,713	24,187
117.8600	Cheeses, except Cheddar and other American-type cheeses	2,221,655	650,203	-
115.5700	Dried milk and cream, other than nonfat dry milk	2,149,494	-	4,845,528
117.8200	American-type cheeses, except Cheddar	2,082,637	2,082,637	-
	Total	156,196,543	62,067,550	112,408,473
	Total, U.S. exports to Poland	187,792,790	77,779,781	148,606,869

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-10.—Leading items imported from Poland, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$36,666,692	$13,343,490	$16,517,783
110.4740	Pollock blocks, frozen, over 10 pounds	7,060,345	463	3,651,605
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	6,595,739	2,573,297	2,092,723
379.8355	Men's wool suits, not knit, not ornamented	5,482,139	2,914,107	1/ 2,645,609
862.1000	Articles for exhibition, for encouragement of agriculture, art, etc	4,000,000	-	
383.3415	Women's cotton raincoats, n.e.s., 3/4 length or longer	3,895,095	1,476,601	2/ 1,220,641
674.3512	Machine tools, metal-cutting, engine or toolroom	3,103,225	1,187,089	2,830,654
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	2,924,883	1,052,579	589,630
192.2520	Hops, not in pellets	2,700,746	-	3/
379.4620	Men's and boys' suit-type sport coats and jackets made of corduroy	2,492,505	1,612,594	4/ 1,250,467
672.1620	Sewing machines, other	2,409,321	-	1,367,744
700.3550	Men's footwear, of leather, n.e.s., cement soles	2,403,391	684,922	571,096
709.4500	Artificial respiration appliances, including gas masks and similar respirators	2,350,915	1,009,067	2,880
379.6215	Men's suit-type coats and jackets imported as parts of suits, cotton, not knit	1,974,647	728,152	5/ -
727.1500	Furniture and parts, of bentwood	1,951,329	927,755	880,088
694.4143	Airplanes, single engine	1,849,840	384,560	-
336.6249	Worsteds, valued over $2 but not over $9 per pound	1,807,608	271,123	6/ 216,917
110.4710	Cod blocks, frozen, over 10 pounds	1,569,686	558,367	408,330
146.7630	Strawberries in containers holding more than 40 ounces	1,487,219	373,698	302,330
660.9200	Fuel injection pumps	1,467,411	255,644	567,862
	Total	94,192,736	29,353,508	35,116,359
	Total, U.S. imports from Poland	157,733,833	56,714,061	93,053,345

1/ On Jan. 1, 1982, item 379.8355 was formed from former items 380.6653 and 380.6654. The number reported for 1981 represents an aggregation of trade reported under the two numbers.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.1206.

3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 192.2500.

4/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.1235.

5/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.0041.

6/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 336.6049.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-11.—Leading items exported to Romania, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September— 1982	July-September— 1981
175.4100	Soybeans, other than seed for planting	$54,378,971	$3,777,962	-
130.3465	Yellow corn, not donated for relief or charity	29,330,041	-	42,767,745
120.1400	Cattle hides, whole	17,684,497	-	4,188,893
184.5260	Soybean oil cake and oil-cake meal	14,257,920	-	-
521.3110	Low volatile bituminous coal	11,179,565	-	4,066,400
521.3120	Bituminous coal, n.e.s	6,155,213	-	6,584,125
415.4500	Sulfur, native elemental or recovered	4,546,441	-	4,962,292
417.7100	Barium compounds	2,959,984	-	-
676.5560	Parts of automatic data processing machines and units thereof, n.s.p.f	2,714,713	986,804	1,115,886
446.1521	Polychloroprene (neoprene) synthetic rubber	2,678,155	1,429,479	656,158
404.0580	Hydrocarbons, except derivatives, n.e.s	2,287,037	-	-
486.2900	Insecticides, unmixed, n.e.s	2,268,000	-	-
674.3588	Mechanical presses, metal-forming	2,100,000	2,100,000	-
601.6100	Zinc ore	2,025,951	-	-
710.2820	Electrical (including electronic) geophysical instruments and apparatus, and parts thereof	1,896,109	1,201,800	91,900
712.5052	Recording instruments and apparatus for measuring or checking electrical quantities, n.s.p.f., and parts thereof	1,713,724	36,074	-
678.3560	Parts of machines used for molding or otherwise forming rubber or plastics articles, other than tire-building machines	1,640,000	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	1,503,802	-	1,312,059
692.2985	Parts, n.s.p.f., of motor vehicles	1,404,740	-	53,767
433.1035	Compound catalyst preparations, other than of nickel	1,296,578	-	93,980
	Total	164,021,441	9,532,119	65,893,205
	Total, U.S. exports to Romania	193,110,634	19,010,526	83,879,003

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-12.--Leading items imported from Romania, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
475.2520	Gasoline	$69,846,469	$19,214,751	$5,971,086
475.3500	Naphthas, derived from petroleum, etc., n.e.s	19,786,154	19,786,154	7,823,703
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	8,453,013	2,137,982	50,176
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	8,362,918	6,602,010	1,457,752
610.4220	Oil well casing, other than alloy steel, threaded or otherwise	8,321,347	-	3,558,495
727.3540	Furniture, of wood, n.s.p.f	8,279,622	3,892,585	2,640,597
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	7,953,336	1,474,256	3,074,758
610.4965	Pipes, tubes, and blanks, over 4.5 inches but not over 16 inches in diameter	6,800,423	1,844,169	-
107.3525	Canned hams and shoulders, 3 pounds and over	5,413,041	1,308,864	4,492,620
700.3550	Men's footwear, of leather, n.e.s., cement soles	5,116,362	2,755,084	2,610,943
690.3560	Parts of cars, other	3,690,913	1,178,423	155,298
383.9050	Women's coats, n.e.s., 3/4 length or longer	3,465,656	1,863,546	1/ 1,735,597
383.9060	Women's suits, manmade fibers, not knit, n.e.s	3,397,057	235,587	2/ 1,407,844
379.9565	Men's suits, n.e.s., manmade fibers	3,309,986	1,852,186	3/ 466,723
383.7550	Women's suits, n.e.s., not knit, wool	3,221,263	769,038	4/ 836,732
379.8355	Men's wool suits, not knit, not ornamented	3,180,206	2,109,317	5/ 1,385,410
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	3,156,120	1,160,661	1,764,972
727.2900	Chairs of wood, not folding, not teak, n.e.s	3,028,560	1,477,997	1,150,148
727.1500	Furniture and parts, of bentwood	3,015,086	1,029,727	717,198
680.3712	Ball bearings, radial ball bearings, outside diameter over 30-mm but not over 52-mm	2,905,689	781,000	1,328,929
	Total	180,703,221	71,473,337	42,628,981
	Total, U.S. imports from Romania	294,448,173	110,886,620	145,562,254

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8163.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.8187.
3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.8452.
4/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.6340.
5/ On Jan. 1, 1982, item 379.8355 was formed from former items 380.6653 and 380.6654. The number reported for 1981 represents an aggregation of trade reported under the two numbers.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-13.--Leading items exported to Hungary, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
480.8005	Diammonium phosphate fertilizer	$5,114,732	-	-
692.3840	Parts of tractors, other than tracklaying tractors	3,838,897	1,555,590	315,437
480.7050	Concentrated superphosphates	2,099,029	-	1,101,661
120.1400	Cattle hides, whole	1,572,313	151,972	899,858
540.4200	Glass rods, tubes, and tubing	1,267,947	307,399	502,229
435.7700	Cardiovascular drugs	1,117,967	-	-
674.3598	Other new (including container making) metal-forming machine tools valued at least $2,500 each, n.e.s	1,113,504	1,113,504	-
310.0009	Textured yarns, of nylon, 1,000 denier and over	933,603	-	-
688.4060	Electrical articles and electrical parts of articles, n.s.p.f	925,256	180,529	152,188
130.3440	Corn seed, except sweet, not donated for relief or charity	887,267	-	-
486.2800	Organophosphorus insecticides, other than methyl parathion	869,276	727,894	-
660.4872	Gasoline engines, not aircraft, automobile, or marine, under 6 brake horsepower	862,628	-	213,780
346.0600	Cotton pile fabrics, corduroys	818,013	-	-
692.2926	Brake linings and disc brake pads for motor vehicles	808,121	-	150,140
772.5000	Pneumatic tires designed for tractors or for agricultural or horticultural machinery or implements	690,432	34,654	182,515
692.1680	Special-purpose motor vehicles, nonmilitary, n.s.p.f	677,487	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	663,008	654,294	284,597
692.2985	Parts, n.s.p.f., of motor vehicles	593,879	84,298	43,311
121.5737	Bovine leather, not rough, russet, and crust, n.e.s	556,821	337,715	-
662.1245	Capping, lidding, sealing, or closing machines, including can sealing, other than vacuum and gas packaging machines	524,924	524,924	-
	Total	25,935,104	5,672,773	3,845,716
	Total, U.S. exports to Hungary	50,468,598	13,021,594	15,123,572

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-14.—Leading items imported from Hungary, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
107.3525	Canned hams and shoulders, 3 pounds and over	$13,039,249	$4,379,880	$2,999,012
692.3288	Parts for motor vehicles, n.e.s	9,686,262	2,417,951	5,029,999
686.9030	Other lamps, including standard household	8,705,440	2,900,856	2,080,770
692.3460	Parts for agricultural tractors	5,922,696	1,214,970	1,241,037
700.4540	Women's footwear, of leather, cement soles, valued over $2.50 per pair	5,780,259	3,033,063	2,141,546
692.0440	Motor buses, other (including diesel)	4,200,720	-	1,314,400
379.8355	Men's wool suits, not knit, not ornamented	2,511,520	852,421	1/
130.3000	Seed corn or maize, certified	2,401,417	-	-
383.7550	Women's suits, n.e.s., not knit, wool	2,210,037	1,388,487	-
678.3220	Machines for assembling electric filament and discharge lamps, n.e.s	1,830,640	-	-
700.4560	Women's footwear, of leather, n.e.s., valued over $2.50 per pair	1,460,342	153,102	139,894
379.8311	Men's suit-type coats and jackets made of wool, not knit	1,377,694	1,201,337	2/
618.2565	Aluminum sheets and strip, not clad, wrought	1,249,555	249,741	213,746
680.3717	Ball bearings over 52-mm but not over 100-mm	1,160,254	650,822	-
700.4530	Women's footwear, of leather, Vulcanized soles, valued over $2.50 per pair	1,151,766	1,151,766	235,827
612.3980	Brass strips, wrought, not cut, etc	1,129,875	641,110	-
772.5136	Truck and bus tires, radial	1,050,880	510,228	3/ 460,122
542.3120	Ordinary glass, weighing over 16 but not over 18.5 ounces per square foot, not over 40 united inches	1,008,422	196,999	195,827
161.7100	Paprika, ground or unground	936,929	162,109	140,349
735.2020	Puzzles and parts thereof	892,713	32,180	-
	Total	67,706,670	21,137,022	16,192,529
	Total, U.S. imports from Hungary	97,994,339	32,006,559	27,673,022

1/ On Jan. 1, 1982, item 379.8355 was formed from former items 380.6653 and 380.6654. There were no imports reported under these numbers during July-September 1981.

2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 380.6310.

3/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 772.5115.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-15.--Leading items exported to Bulgaria, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
130.3465	Yellow corn, not donated for relief or charity	$31,999,603	$5,023,380	$9,496,931
184.5260	Soybean oil cake and oil-cake meal	23,388,326	-	18,090,090
480.7050	Concentrated superphosphates	11,263,548	11,263,548	14,513,974
674.1022	Converters, including foundry machines and parts, n.e.s	6,286,280	-	-
601.6100	Zinc ore	3,210,000	-	-
170.3340	Burley cigarette leaf filler tobacco, stemmed	1,816,798	-	-
660.9415	Oil well and oil field pumps	1,670,934	1,670,934	-
666.0046	Machines for cleaning seed and grain and for sorting and grading crops	1,663,163	-	-
140.0300	Great northern beans, dried, desiccated, or dehydrated, except seed	1,471,435	-	-
433.1035	Compound catalyst preparations, other than of nickel	1,276,797	1,246,701	-
170.3320	Flue-cured cigarette leaf filler tobacco, stemmed	1,242,357	243,951	-
415.4500	Sulfur, native elemental or recovered	1,228,605	-	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	1,052,597	690,712	-
792.1020	Unfilled gelatine capsules	933,688	253,000	-
250.0284	Wood pulp, special alpha and dissolving grades	779,048	-	-
664.0584	Parts, n.e.s., of oil and gas field drilling machines	582,106	262,820	-
710.1020	Depth-sounding navigational apparatus, and parts thereof	462,480	-	-
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	382,379	84,059	139,651
668.1500	Textile printing machinery	325,000	325,000	-
664.0533	New hydraulic crawler mounted backhoes, shovels, clamshells, and draglines with 360 degree revolving structure, n.e.s	288,935	-	-
	Total	91,324,079	21,064,105	42,240,646
	Total, U.S. exports to Bulgaria	97,683,760	23,045,117	46,630,810

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-16.—Leading items imported from Bulgaria, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September--	
			1982	1981
170.2800	Cigarette leaf, not stemmed, not over 8.5 inches	$13,011,844	$5,252,822	$5,803,871
676.0530	Typewriters, nonelectric, nonautomatic, portable	1,422,533	96,805	320,270
117.6700	Pecorino cheese, not for grating	1,082,072	354,478	618,390
452.6000	Rose oil or attar of roses	846,190	208,449	283,275
167.3020	Wine, not over 14 percent alcohol, valued not over $4 per gallon, in containers not over 1 gallon	711,533	256,620	190,759
676.0510	Typewriters, electric, nonautomatic, portable	279,715	220,269	-
674.3512	Machine tools, metal-cutting, engine or toolroom	209,303	41,120	140,416
439.1090	Natural drugs, n.e.s., crude	178,971	24,497	14,720
439.3090	Natural drugs, n.e.s., advanced	71,879	467	3,069
167.3040	Wine, not over 14 percent alcohol, valued over $4 per gallon, in containers not over 1 gallon	57,549	-	-
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating	50,105	30,310	22,352
161.5500	Mint leaves, crude or not manufactured	49,097	-	-
419.8400	Phosphorus, compounds, n.s.p.f	47,806	47,806	-
124.1015	Hare, whole skins raw or not dressed	40,332	40,332	-
274.4000	Postage stamps, etc., and government stamped envelopes, with no printing other than official imprint	29,186	28,800	-
379.8735	Men's wearing apparel, n.e.s., silk, not knit	24,188	-	-
999.9500	Formal and informal entries, $250 and under, estimated	20,000	-	-
161.7100	Paprika, ground or unground	19,035	-	-
112.8200	Sardines, valued over 30 cents per pound, not smoked	18,565	-	-
674.3227	Machine tools for drilling, other, valued under $2,500 each	17,960	2,360	-
	Total	18,187,863	6,605,135	7,397,122
	Total, U.S. imports from Bulgaria	18,423,660	6,679,788	7,546,478

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-17.—Leading items exported to East Germany, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September— 1982	July-September— 1981
130.3465	Yellow corn, not donated for relief or charity	$132,619,705	$4,480,583	$14,960,761
184.5260	Soybean oil cake and oil-cake meal	27,537,098	-	-
130.6540	Wheat, unmilled, not donated for relief or charity	8,304,269	-	2,650,000
601.6100	Zinc ore	1,601,250	-	-
709.1690	Parts of electro-medical apparatus	1,588,586	1,026,407	810
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof	1,384,952	13,130	191,660
668.0262	Machines for finishing pulp, paper, or paperboard	891,378	891,378	-
250.0281	Wood pulp, sulphate and soda, bleached, softwood	700,150	-	-
724.4535	Magnetic tape for video or video and audio recording	548,759	140,709	99,040
712.5040	Instruments n.e.s. for measuring or testing electrical characteristics, and parts thereof	481,185	-	-
480.4500	Phosphates, crude, and apatite	453,945	-	-
818.9000	General merchandise, valued not over $500	400,874	65,680	57,374
124.1527	Muskrat furskins, whole, undressed	397,935	-	-
678.3524	Injection-molding machines for use in processing rubber or thermosetting materials	341,779	76,701	1/
106.9200	Swine livers	334,712	334,712	6,719
207.0035	Wooden pencil slats	286,653	-	-
355.0740	Textile webs, batting, and non-woven fabrics, of manmade fibers, n.e.s	250,619	78,223	153,879
300.3021	Cotton linters, n.e.s	240,656	130,320	71,696
442.4400	Antacids	214,403	-	-
170.8140	Smoking tobacco, in bulk	161,411	161,411	-
	Total	178,740,319	7,399,254	18,191,939
	Total, U.S. exports to East Germany	181,593,709	8,155,534	32,514,938

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 678.3520.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-18.—Leading items imported from East Germany, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
475.1015	Light fuel oils, testing 25 degrees A.P.I. or more, Saybolt Universal viscosity at 100 degrees F of less than 45 seconds	$7,701,342	$7,701,342	-
480.5000	Potassium chloride, crude	3,290,227	-	-
668.2345	Printing presses, not letter or offset	2,376,089	1,085,713	196,635
772.5109	Passenger car tires, radial	1,857,186	369,598	1/ 750,076
480.3000	Urea, n.e.s	1,760,000	-	-
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	1,747,322	882,616	2,112,591
772.5112	Passenger car tires other than radial	1,394,399	310,573	-
124.1025	Mink furskins, except "Japanese mink," undressed	1,369,098	63,019	-
494.2000	Montan wax	1,301,765	290,225	263,863
772.5136	Truck and bus tires, radial	1,141,529	502,023	2/
121.5000	Pig and hog leather	1,067,919	382,008	212,558
668.5060	Parts of printing presses	822,841	363,078	397,679
772.5138	Truck and bus tires, other than radial	810,963	195,663	2/
546.6840	Tableware, kitchen ware, and cooking ware, valued over $5 each	690,154	101,039	273,135
678.5085	Combination machines containing tape players, other	678,276	4,591	61,299
674.3527	Gear-tooth grinding and finishing machines	569,089	275,604	114,498
999.9500	Formal and informal entries, $250 and under, estimated	528,500	196,800	-
674.3283	Boring machines, including vertical turret lathes, n.e.s	421,908	-	-
534.1100	Ceramic statues, etc., valued over $2.50 each	419,029	166,367	178,473
546.6040	Tableware, etc., valued over $0.30 but not over $3	410,247	87,652	173,611
	Total	30,357,883	12,977,911	2/ 5,916,856
	Total, U.S. imports from East Germany	43,347,586	18,163,781	10,681,596

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 772.5105.

2/ Prior to Jan. 1, 1982, these items were grouped together as the now-deleted item 772.5135, with reported trade of $1,182,438. This amount is included in the total figure.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-19.--Leading items exported to Czechoslovakia, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
130.3465	Yellow corn, not donated for relief or charity	$30,761,440	-	-
184.5260	Soybean oil cake and oil-cake meal	17,240,495	-	-
120.1400	Cattle hides, whole	4,680,824	2,896,519	2,379,561
692.3160	Tracklaying tractors, new, with a net engine horsepower rating of 345 horsepower and over	3,517,791	3,517,791	282,162
175.4100	Soybeans, other than seed for planting	2,809,794	-	-
678.5090	Other machines n.s.p.f., and parts thereof	1,967,791	6,439	207,916
207.0035	Wooden pencil slats	851,502	188,239	274,182
486.2900	Insecticides, unmixed, n.e.s	699,426	-	-
670.1220	Textile reeling or winding machines	689,840	-	219,676
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	621,204	210,308	157,356
540.4200	Glass rods, tubes, and tubing	561,131	221,492	115,952
124.1527	Muskrat furskins, whole, undressed	561,100	331,000	-
381.1520	Men's and boys' denim trousers and slacks, of cotton, not knit	508,236	-	350,830
678.5019	Machines for weaving and other wire fabricating and wire-drawing machines and draw benches	426,846	426,846	-
310.0026	Yarns of cellulosic fibers, other than textured yarns	418,819	52,433	-
818.9000	General merchandise, valued not over $500	396,728	86,834	44,514
664.0572	Dozer attachments	359,652	359,652	29,816
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	312,769	75,093	237,305
664.0227	Integral tractor shovel loaders, rear engine mounted, new, 4 wheel drive, bucket capacity of 6.5 to 10 cubic yards	269,722	269,722	-
660.4965	Non-piston, non-aircraft gas turbines for mechanical drives	249,469	-	-
	Total	67,904,579	8,642,368	4,299,270
	Total, U.S. exports to Czechoslovakia	73,620,334	10,791,251	8,573,387

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-20.—Leading items imported from Czechoslovakia, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
610.3920	Oil well casing, other than alloy steel, not advanced	$5,034,013	$503,283	$1,842,410
192.2520	Hops, not in pellets	4,402,389	305,653	1/ 10,555
107.3525	Canned hams and shoulders, 3 pounds and over	3,731,042	1,276,898	883,397
700.2940	Welt work footwear, of leather, valued over $6.80 per pair	2,702,741	705,123	1,053,060
700.3550	Men's footwear, of leather, n.e.s., cement soles	1,693,755	92,813	583,635
336.6241	Woven fabrics of wool, not over 10 ounces per square yard	1,422,523	491,792	-
546.6020	Glass tumblers, etc., valued over $0.30 but not over $3 each	1,321,044	587,973	459,149
335.9500	Woven fabrics, other, of vegetable fibers, n.e.s., weighing over 4 ounces per square yard	1,007,687	276,459	216,329
700.2960	Men's welt footwear, of leather, n.e.s., valued over $6.80 per pair	938,070	331,222	183,853
727.1500	Furniture and parts, of bentwood	821,169	247,260	183,151
186.1565	Downs, not meeting Federal standards	760,614	452,053	73,642
741.3000	Beads, bugles, and spangles, n.e.s	749,188	250,420	206,179
668.2100	Offset printing presses, weighing 3,500 pounds or more, roll-fed type	697,462	369,281	357,442
437.3000	Antibiotics, natural and not artificially mixed	675,706	216,800	177,292
700.3527	Men's work footwear, of leather	649,280	476,514	479,293
741.3500	Imitation gemstones, except imitation gemstone beads	643,001	252,436	211,138
167.0515	Ale, porter, stout, and beer, glass containers, not over 1 gallon	627,984	167,782	100,915
545.5700	Glass prisms for chandeliers, etc	596,860	115,761	114,949
692.3406	Agricultural tractors, power takeoff horsepower of 40 or more but less than 80	590,461	194,013	26,864
186.1560	Feathers, not meeting Federal standards	535,334	470,888	321,465
	Total	29,600,323	7,784,424	7,484,718
	Total, U.S. imports from Czechoslovakia	46,142,137	14,129,182	14,577,885

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted item 192.2500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-21.—Leading items exported to Vietnam, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September— 1982	July-September— 1981
818.3900	Products, n.e.s., donated for relief or charity	$17,018,850	$6,073,066	$2,011,748
818.9000	General merchandise, valued not over $500	3,870,948	1,537,962	466,976
818.3300	Medicinal and pharmaceutical products donated for relief or charity	1,069,411	31,083	121,829
818.3400	Wearing apparel donated for relief or charity	69,507	51,107	58,863
256.7190	Paper and paperboard, cut to size or shape; and other articles of pulp, papier-mache, paper, or paperboard, n.s.p.f	61,400	25,300	-
772.0400	Household articles n.s.p.f., of rubber or plastics	47,580	29,730	264,670
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof	7,527	-	-
818.3100	Food products, n.s.p.f., donated for relief or charity	5,134	5,134	61,496
818.4000	Used wearing apparel and other used articles, of textile materials, exported in bulk	4,000	4,000	-
709.1670	Electro-medical apparatus, n.s.p.f	4,000	4,000	-
661.1500	Air pumps, vacuum pumps, and parts thereof	2,413	2,413	-
442.6100	Corticosteroid preparations	2,336	-	-
676.0570	Non-automatic typewriters, not portable	1,833	-	-
547.6020	Laboratory glassware, whether or not graduated or calibrated	1,505	-	-
711.8038	Nonelectrical dial indicating pressure gauges, and parts thereof, not for industrial process	1,269	-	-
694.6507	Parts designed for use in civil aircraft, n.e.s	1,000	-	-
709.1200	Basal metabolism and blood pressure apparatus, and parts thereof	702	-	-
	Total	22,169,415	7,763,795	2,985,582
	Total, U.S. exports to Vietnam	22,169,415	7,763,795	3,054,699

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-22.--Leading items imported from Vietnam, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September--	
			1982	1981
653.2200	Metal coins, n.e.s	-	-	-
	Total	-	-	-
	Total, U.S. imports from Vietnam	-	-	4,673

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table B-23.--Leading items exported to Albania, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September--	
			1982	1981
521.3110	Low volatile bituminous coal	$7,488,756	$4,432,019	-
521.3120	Bituminous coal, n.e.s	1,903,390	-	-
309.3270	Grouped filaments and strips, continuous, n.e.s	738,361	466,466	215,278
688.1900	Insulated wire and cable, n.s.p.f	94,527	63,018	-
712.1520	Instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or similar radiations	16,943	16,943	-
438.1090	Blood and blood derivatives, except for passive immunization, n.e.s	13,032	-	-
661.3510	Household refrigerators and combination refrigerator-freezers, under 13.5 cubic feet	625	-	-
684.3035	Cooking stoves and ranges, household, not microwave ovens	520	-	-
818.3900	Products, n.e.s., donated for relief or charity	520	-	-
	Total	10,256,674	4,978,446	215,278
	Total, U.S. exports to Albania	10,256,674	4,978,446	221,228

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-24.—Leading items imported from Albania, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
161.9400	Sage, unground	$1,438,730	$659,877	$336,971
601.1520	Chrome ore, chromium content not over 40 percent chromic oxide	298,656	4,917	201,858
360.1515	Floor coverings of wool, valued over 66-2/3 cents per square foot	121,903	-	-
161.0300	Basil, crude	31,688	6,789	-
161.6700	Crude origanum	21,883	21,883	-
439.1090	Natural drugs, n.e.s., crude	17,995	1,258	1,713
653.2200	Metal coins, n.e.s	3,973	373	3,000
654.0525	Cooking and kitchen ware, of copper, not brass	3,435	-	-
709.6120	X-ray tubes	1,995	-	-
146.6600	Dried berries	1,751	-	-
193.2560	Vegetable substances, crude, n.s.p.f	883	-	3,775
383.0390	Women's, girls' or infants' wearing apparel of cotton, knit, n.s.p.f.	673	673	[1]
654.0535	Articles n.s.p.f. of aluminum, not enameled or glazed, not containing non-stick interior finish	576	-	-
	Total	1,944,141	695,770	547,317
	Total, U.S. imports from Albania	1,944,141	695,770	616,456

[1] Prior to Jan. 1, 1982, this item was classified under the now-deleted item 382.0037.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-25.—Leading items exported to Cuba, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September— 1982	July-September— 1981
818.3300	Medicinal and pharmaceutical products donated for relief or charity	$643,520	$271,500	$26,050
660.5445	Parts of compression-ignition piston-type engines, n.e.s	77,152	-	-
694.6507	Parts designed for use in civil aircraft, n.e.s	35,000	35,000	-
818.3900	Products, n.e.s., donated for relief or charity	22,875	10,450	-
383.1220	Women's dresses, of cotton, not knit	17,100	17,100	-
683.6080	Engine electrical equipment other than ignition equipment and distributors	9,578	-	-
818.3400	Wearing apparel donated for relief or charity	7,700	7,700	-
683.6040	Starter (cranking) motors	7,661	-	-
442.8500	Drugs, packaged or measured for retail, n.e.s., for human use	3,000	-	-
441.9000	Artificial mixtures for therapeutic or prophylactic uses, with neither antibiotics nor vitamins, not packaged for retail	2,500	-	-
442.7900	Vitamin, nutrient, and hematinic preparations, for human use, n.e.s	2,000	-	-
676.0570	Non-automatic typewriters, not portable	807	-	-
	Total	828,893	341,750	26,050
	Total, U.S. exports to Cuba	828,893	341,750	360,532

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-26.—Leading items imported from Cuba, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September— 1982	July-September— 1981
851.1000	Photographic films, etc., for public institutions, etc	$2,210	$2,210	-
724.2520	Stereophonic, etc., records, 33-1/3 r.p.m	600	-	-
653.2200	Metal coins, n.e.s	490	490	-
	Total	3,300	2,700	-
	Total, U.S. imports from Cuba	3,300	2,700	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-27.--Leading items exported to Mongolia, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
120.1400	Cattle hides, whole	$175,000	-	-
711.8710	Electrical (including electronic) chemical analysis equipment, and parts thereof	82,187	-	-
660.9470	Turbine pumps	28,900	-	-
818.3900	Products, n.e.s., donated for relief or charity	13,609	1,340	4,816
274.4000	Postage and revenue stamps and government stamped envelopes and postal cards	10,000	-	-
661.6504	Solar energy collectors, and parts thereof	8,595	-	1/
686.9060	Electric filament lamps, n.e.s., designed for operating at 100 volts or more	4,629	-	-
547.6020	Laboratory glassware, whether or not graduated or calibrated	3,870	-	11,501
760.4440	Pen point holders, pencil clips, pencil point protectors, and parts of pens and pencils n.s.p.f	2,500	2,500	-
687.6055	Photo-sensitive solar cells	2,495	-	-
709.3000	Medical, dental, surgical, and veterinary instruments and apparatus, n.s.p.f., and parts thereof	2,039	-	-
711.8741	Nonelectrical electrochemical instruments for chemical analysis, n.e.s	2,017	2,017	2/
711.8750	Electrical (including electronic) physical analysis equipment, n.s.p.f., and parts thereof	1,519	-	949
653.4680	Heating apparatus of base metal, not electrically operated, n.s.p.f	1,500	-	-
676.0570	Non-automatic typewriters, not portable	833	-	-
	Total	339,693	5,857	17,266
	Total, U.S. exports to Mongolia	339,693	5,857	35,345

1/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 661.6520.
2/ Prior to Jan. 1, 1982, this item was classified under the now-deleted and more comprehensive item 711.8740.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-28.--Leading items imported from Mongolia, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
306.4293	Camel hair, sorted, etc	$1,40[illegible],914	$58,869	$433,736
306.6100	Cashmere goat hair, not sorted, etc	708,217	-	-
306.6200	Cashmere goat hair, sorted, etc	634,241	14,938	228,150
306.4192	Camel hair, not sorted, etc	501,843	-	162,810
100.9580	Live animals, nspf	10,000	10,000	-
307.0200	Waste of wool or hair, burr and card, not advanced	9,700	-	-
124.1060	Furskins, n.e.s., not whole	6,608	-	-
	Total	3,278,523	83,807	824,696
	Total, U.S. imports from Mongolia	3,278,523	83,807	830,525

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-29.--Leading items exported to North Korea, by Schedule B Nos., January-September 1982, July-September 1982, and July-September 1981

Schedule B No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
120.1765	Hides and skins, bovine, not whole, n.e.s	$69,425	-	-
709.1665	Electro-medical complete patient monitoring systems	23,048	-	-
682.4525	Single phase AC motors, 1-20 horsepower	7,300	7,300	-
	Total	99,773	7,300	-
	Total, U.S. exports to North Korea	99,773	7,300	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table B-30.--Leading items imported from North Korea, by TSUSA items, January-September 1982, July-September 1982, and July-September 1981

TSUSA No.	Description	January-September 1982	July-September-- 1982	July-September-- 1981
111.1800	Dried fish, whether or not whole, not in airtight containers	$7,879	-	-
	Total	7,879	-	-
	Total, U.S. imports from North Korea	7,879	-	-

Source: Compiled from official statistics of the U.S. Department of Commerce.

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GLOSSARY

Abbreviation	Full wording
CCC	Commodity Credit Corporation (U.S. Department of Agriculture)
CCL	Commodity Control List
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Export Controls
CPE	Centrally planned economy
EAA	Export Administration Act of 1979 (United States)
EC	European Community
EXIMBANK	Export-Import Bank of the United States
FAO	Food and Agricultural Organization (United Nations)
FYP	Five-year plan
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IMF	International Monetary Fund
LTFV	Less than fair value
MFA	Multifiber Arrangement
MFN	Most-favored-nation
NME's	Nonmarket economy countries
OEA	Office of Export Administration (U.S. Department of Commerce)
OECD	Organization for Economic Cooperation and Development
QGL	Qualified General License
SCE	State-controlled economy
SDR	Special Drawing Rights
SIC	Standard Industrial Classification MSIC: SIC-based import product groupings OSIC: SIC-based domestic manufactured output categories
SITC	Standard International Trade Classification SITC categories are defined as follows: 1-digit SITC: Section 2-digit SITC: Division 3-digit SITC: Group 4-digit SITC: Subgroup 5-digit SITC: Item
TSUSA	Tariff Schedules of the United States Annotated
USC	United States Code
USDA	U.S. Department of Agriculture
USITC	U.S. International Trade Commission

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(1) summary of developments in U.S.-NME trade for that calendar quarter, with the summary of the fourth quarter as an annual review;

(2) summary tables and figures describing the value, direction, composition, and individual country trade shares of U.S.-NME trade in that calendar quarter;

(3) a series of appendix tables describing the leading items traded by the United States with each of the NME countries covered, disaggregated to the 7-digit level of the respective export and import schedules, through the end of that calendar quarter.

Other subjects covered periodically or on an irregular basis are listed below. All page numbers refer to the official USITC publication, with the exception of Report No. 4. Page numbers for that report refer to the copy published by the U.S. Government Printing Office.

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